Austria	Sch24	Indonesia	Rp2400	Oman	[illegible]
Bahrain	Din0.700	Iran	Ri5210	Philippines	Pso40
Belgium	BFr55	Israel	NIS3.50	Portugal	Esc150
Cyprus	C£0.95	Italy	L2000	Qatar	QR8.50
Denmark	DKr12.00	Jordan	Fils1000	S.Arabia	Rls7.50
Egypt	£E3.25	Kuwait	Fils500	Singapore	S$4.10
Finland	Fmk8.50	Lebanon	£L400.00	Spain	[illegible]
France	FFr7.50	Lux	LFr55	Sweden	SKr12
Germany	DM2.80	Malaysia	Rin4.25	Switz	SFr2.30
Greece	Dr150	Morocco	Dh8.00	Thailand	[illegible]
Hong Kong	HK$12	Neth	Fl3.25	Tunisia	[illegible]
Iceland	IKr160	Nigeria	[illegible]	Turkey	L1400
India	Rup15	Norway	NKr12.00	UAE	Dh7.50

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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CHINA

Oil industry begins to feel its age

Page 24

World News

Taipei makes application for Gatt membership

Taiwan formally applied for membership of the General Agreement on Tariffs and Trade (Gatt) in a move likely to cause political turmoil in the world trading organisation.

China, whose efforts to negotiate renewed membership of Gatt have been rejected since the crushing of student protests in Tiananmen Square in June, has previously succeeded in thwarting Taiwan's efforts to join international organisations. Page 16

Lithuanian hopes

Lithuanian Communist party leaders said Soviet President Mikhail Gorbachev would not block their bid to leave the ruling Soviet Communist party. Page 16

Exxon attacked

Environmentalists attacked US oil company Exxon for a 2m litre oil spill in the waterway separating New York City and New Jersey that was first reported to be a minor spill of 18,900 litres.

Oil threat recedes

Crippled Iranian supertanker floundered in high winds and rough seas off Morocco but pollution experts said the threat of a major ecological disaster was receding. Page 4

Azerbaijani protest

Top Soviet Communist party officials flew to the Iranian border zone in the republic of Azerbaijan, in a bid to calm the current wave of nationalist protests and attacks on frontier installations. Page 2

Indonesian budget

President Suharto of Indonesia made a strong populist appeal in his annual budget speech, announcing greater welfare spending and a radical restructuring of the corporate sector. Page 4

Gandhi plans review

India's Planning Commission began a review of big industrial projects approved by the former Rajiv Gandhi Government. Page 4

Mexican drug haul

Mexican police shot down an aircraft carrying more than half a tonne of cocaine, killing two suspected traffickers and arresting two others.

Troop pull-out urged

Sri Lankan Foreign Minister Ranjan Wijeratne left for New Delhi to urge a quick withdrawal of Indian troops from Sri Lanka as rival Tamil groups were locked in fierce fighting.

Botha in Hungary

South African Foreign Minister Pik Botha, on his first official visit to a Warsaw Pact country, held talks with Hungarian Foreign Minister Gyula Horn.

Rail crash kills 210

At least 210 people were killed and many wounded in Pakistan's worst-ever rail disaster on Wednesday night when a crowded passenger express slammed into a freight train at a rural station.

Khmer Rouge talks

Australian envoy Michael Costello held secret talks with Khmer Rouge leader Khieu Samphan in Bangkok.

Albania move

The pretender to the throne of Albania, South African-based King Leka, said his government-in-exile planned to start radio broadcasts to the Balkan state to prepare for an uprising against Eastern Europe's last Stalinist rulers.

Tambo in hospital

South African nationalist leader Oliver Tambo arrived at a Swedish clinic for treatment following a brain spasm.

Business Summary

Motorola packs power on to single superchip

The world's first "multi-million device superchip" – a semiconductor chip that squeezes the power of a supercomputer on to a tiny square of silicon – has been jointly developed by Motorola and TRW, teamed as contractors to the US Defence Department. Page 16

ALAN Bond, Australian businessman, fought back by issuing writs against the banks which put his Swan and Castlemaine XXXX breweries into receivership. But almost all his empire is now up for sale, while business confidence in Australia has been badly hit. Page 17; Bond empire on the brink, Page 22

JAMEEL Group, one of Saudi Arabia's largest trading concerns, launched a £151.3m ($243.5m) takeover offer for *Hartwell, UK motor, oil and property company*. Page 17

ENERGY: Winner of the battle between Mitsubishi and Asea Brown Boveri for Indonesia's $500m Gresik power plant contract is expected to be announced next week. Page 3

SOVIET government is to expand production of condoms in the Soviet Union with the help of LIG, UK consumer and home products company. Page 17

RESOLUTION Trust Corporation, US Government agency set up to rescue and reorganise insolvent savings and loans companies, has introduced new rules to prevent repetition of the Lincoln scandal. Page 16

MOTORWAY contracts worth $621m have been awarded to three Turkish companies by Turkey's State Highways Administration despite World Bank disapproval. Page 3

SWEDEN faces austerity budget with tighter controls on government spending and higher costs for consumers, says ruling Social Democratic party's newspaper. Page 2

BRITAIN'S regions have been allocated nearly Ecu1.3bn ($1.53m) by the EC over the next two years to help them overcome structural and employment difficulties in the run up to 1992. Page 8

FUTURES: London saw its lead of European futures industry eroded last year when it was overtaken in contract volume by the Marche a Terme International de France which traded a record 26m lots. Page 21

SOVIET UNION: Vneshconsult, leading Western-Soviet management consultancy joint venture, is seeking with Ernst & Young to establish Vneshaudit, first joint venture auditing firm in the Soviet Union. Page 3

WEST GERMANY'S federal antitrust authority may object to a takeover by BSN, the internationally ambitious French foods group. Page 18

ITALY is to relax foreign exchange restrictions in a move to lift all curbs on capital flows by July. Page 3

DAF, Dutch commercial vehicles maker, boosted its net income by 16 per cent to Fl 170m ($90m) in 1989 from Fl 147m in 1988. Page 18

FRENCH government sold FFr6.3bn ($1.1bn) bonds at its regular monthly auction, providing a good launch to its new 10-year bond. Page 21

Bush justifies invasion as Noriega faces drugs trial

By **Peter Riddell** in Washington, **Tim Coone** in Panama and **Henry Hamman** in Miami

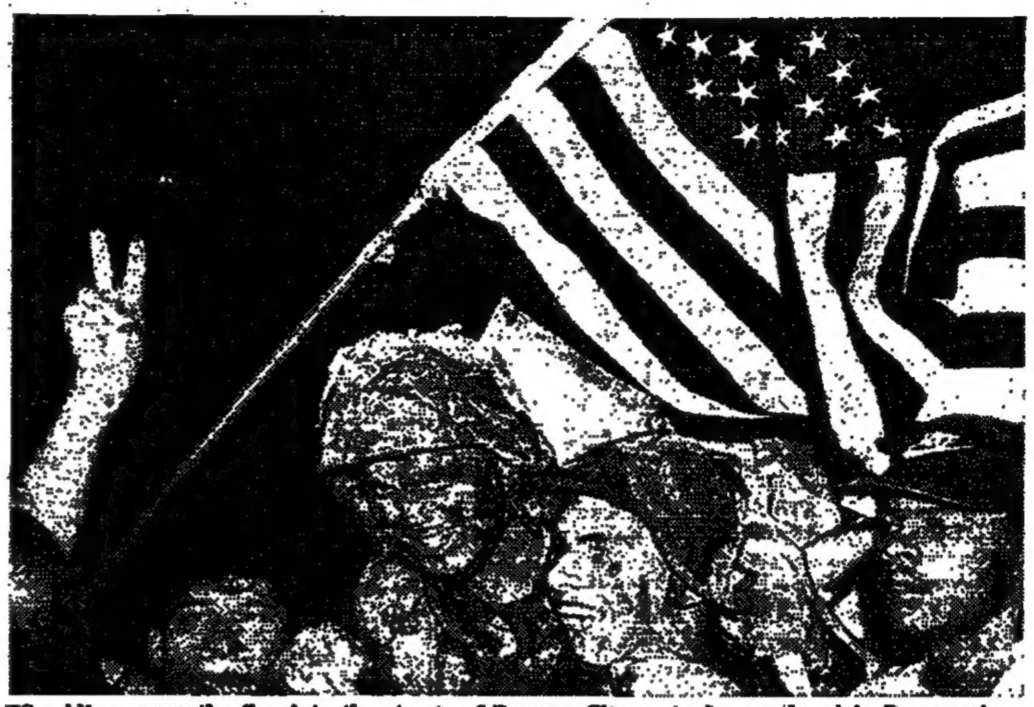
PRESIDENT George Bush yesterday claimed total vindication for US military action in Panama as General Manuel Noriega, the former Panamanian leader, faced drug charges in a Miami federal court.

There is now the prospect of a lengthy trial. Mr Noriega's lawyers have already challenged the jurisdiction of a US court to try him because he was brought to the US by coercion.

Panama's fugitive military leader handed himself over to US troops on Wednesday night outside the Vatican Embassy in Panama City where he had sought refuge for the previous 10 days. He was put on board a US military aircraft bound for Homestead Air Force Base in Florida by officials of the US Drug Enforcement Agency (DEA). He was formally arrested on the aircraft.

Panamanians reacted with joy to the news, dancing in the streets and embracing US soldiers after Mr Noriega's departure was announced. "The people feel a sense of peace knowing that the monster is leaving our land," said President Guillermo Endara, the former opposition leader who was installed by the US after the invasion.

Last night a senior aide of *Mr Noriega left his refuge* in the Vatican Embassy and handed himself over to US troops. Lt-Col Nivaldo Madrinan, former head of Panama's criminal investigation force, was one of nine refugees left in the Vatican embassy after Noriega surrendered.



US soldiers carry the flag into the streets of Panama City yesterday as they join Panamanians celebrating the surrender of former president Manuel Noriega

President Bush and his advisers were treating the surrender of Mr Noriega as a great political coup – "the icing on the cake," according to Mr *Dick Cheney*, US Defence Secretary. Mr Bush said Mr Noriega's capture completed the objectives set when the US militarily intervened in Panama on December 20. Mr Cheney added: "This enhances the prospects that the Government of Panama can restore democracy and hastens the day when we can remove our troops."

The US authorities firmly denied that any deal had been agreed with Mr Noriega. Mr Cheney said he believed the former Panamanian leader had been devastated when he realised that thousands of Panamanians were demonstrating against him outside the embassy.

The only requests made by Mr Noriega, to which the US had agreed, were that he be allowed to surrender in uniform; that his family be notified; that he be allowed to make some telephone calls; and that he surrender to a general officer.

Mr Noriega was also assured that drugs charges against him would not carry the death penalty, while a State Department

Continued on Page 16
$300m illicit fortune, Page 6

Bundesbank curbs rise of dollar

By **Peter Norman**, Economics Correspondent, in London

THE Bundesbank threw currency markets into confusion yesterday by unexpectedly intervening to sell the dollar, abruptly reversing a strong new year rise in the US currency's value.

The action, which followed an inconclusive overnight attempt by the Bank of Japan to support the yen against the dollar, was the first significant currency intervention by the West German central bank since October. It stood in sharp contrast to the Bundesbank's tolerance of the recent rise in the value of the D-Mark.

The Bundesbank's move was supported by the Swiss National Bank, which sold dollars for Swiss francs, and by the Bank of England, which bought yen for dollars on behalf of the Bank of Japan. However, it was not thought to have been co-ordinated in advance.

The impact of the Bundesbank's intervention was immediate. The dollar plunged 2 pfennigs and fell further in the afternoon on reports that the US Federal Reserve was asking dealers for currency prices. Although there was no sign of Fed intervention, the dollar was down about 4 pfennigs by the end of trading in London at DM1.682 while sterling gained 2 cents to $1.63. In New York at lunchtime, the dollar was quoted against sterling at $1.6295 and at DM1.6835.

Bundesbank officials said that the German authorities had acted because they believed there was no *fundamental justification for the dollar's* 5 pfennig gain to around DM1.73 since Christmas. Germany wants a strong D-Mark to combat inflation.

The dollar had moved ahead on signs that the US economy was more buoyant than previously thought and on the resulting belief that the Federal Reserve would be more reluctant to ease interest rates.

Analysts said that the Bundesbank may have acted promptly to halt the dollar's rally yesterday because it did not want to see a repetition of the US currency's strong gains in the early months of last year.

It was suggested yesterday that some traders may have lost a considerable amount of *money through the Bundes*bank action. Some currency market economists had expected the dollar's rise to go unchallenged because at around DM1.73 the US currency was still close to the bottom of what is believed to have been the range of fluctuation permitted against the D-Mark under the February 1987 Louvre Accord.

One consequence of West German action to restrain the dollar could be a worsening of tensions among the currencies participating in the exchange rate mechanism of the European Monetary System.

Lex, Page 16; Currencies, Page 32

Canadian bank seizes Campeau shares after default on loan

By **Bernard Simon** in Toronto

CANADIAN entrepreneur Mr Robert Campeau's grip on his real estate and property empire was further loosened yesterday with an announcement that a Canadian bank had seized a large portion of his shares in his family company, Campeau Corporation.

Montreal-based National Bank of Canada said it had registered in its own name securities representing 29 per cent of voting rights in Campeau, following default on a loan provided to a private company controlled by Mr Campeau.

On the basis of existing voting rights, this makes National the biggest shareholder in Campeau. The securities seized by the bank were provided by Mr Campeau as collateral for the loan, which was advanced in late 1987 to support his purchase of extra stock in Campeau.

Rumours have circulated for some time in Toronto that Mr Campeau has been experiencing personal financial difficulties.

The securities consist of 13m common shares, with a current market value of C$47.4m ($40.8m), a series of convertible subordinated debentures, with a principal value of C$60.4m, and 4m convertible subordinated preference shares.

Mr Campeau's stake in Campeau was cut to 43 per cent last September by the terms of a restructuring plan spearheaded by the Toronto-based real estate group Olympia & York Developments. O&Y now has a 38.4 per cent fully diluted interest in Campeau.

Based on existing voting rights, O&Y's interest is about 25 per cent.

National Bank said it had taken possession of the securities to "consolidate" its position.

The bank said it "does not presently intend" to dispose of the securities or to acquire a further stake in Campeau.

Mr Leon Courville, the bank's executive vice-president for corporate affairs, said yesterday the bank had consulted neither Mr Campeau nor the committee set up to restructure Campeau's debt-burdened US retailing subsidiaries, Allied Stores and Federated Stores.

Mr Courville said the bank had taken over the securities to give it the ability to monitor and supervise the restructuring exercise.

Campeau's share price has fallen sharply as the difficulties at Federated and Allied have intensified.

The stock was trading at C$3.45 at midday on the Toronto stock exchange yesterday, down 20 cents from Wednesday, and far below last year's peak of C$22.25.

But National, Canada's sixth biggest bank, said it did not intend, "at the present time," to raise its loan loss provisions as a result of losses it might suffer on the Campeau loans.

Campeau said it viewed the seizure of the shares as a private matter between Mr Campeau and National Bank. It refused further comment.

Czechs seek an end to Comecon trading group

By **Christopher Bobinski** in Warsaw and **Quentin Peel** in Moscow

THE NEW Czechoslovak Government will call next week for the winding-up of Comecon, Eastern Europe's Soviet-dominated economic grouping.

The call will be made at next week's Comecon meeting in Sofia, the Bulgarian capital, Mr Vaclav Klaus, the new Czechoslovak Finance Minister who is on a short visit to Poland, told Rzeczpospolita, the Government newspaper yesterday.

He said that if the Czechoslovak motion was rejected by the other members of the group then Czechoslovakia would resign from Comecon.

Comecon, which groups the Soviet Union, the six East European socialist countries and Mongolia, Vietnam and Cuba, was founded in 1949 mainly as an instrument for economic control of the area.

But resistance to economic integration by various countries in the bloc meant that progress was slow. The organisation is in crisis because most members with diverse economic systems shun central planning and try to switch to market economy methods.

The Polish Government took a more cautious approach yesterday and issued a statement saying that the structures of Comecon were "out of date and had become ossified" and that it needed deep reforms which would "satisfy the needs of the organisation's members."

The statement suggests that the Poles will tend to vote with the Soviet Union at the Sofia meeting, although M Klaus said that in talks with Mr Leszek Balcerowicz, the Polish Finance Minister, he heard that Czechoslovakia would be supported on the majority of its proposals.

Mr Mascin Swiecicki, Poland's Foreign Trade Minister, said yesterday that the Comecon session in Sofia next Tuesday would be an historic one and "could give an impulse to the establishment of a new organisation."

Mr Klaus in his interview said that he hoped that Comecon could be replaced by a new organisation but he doubted that would be possible and suggested that trade in the area would be regulated by bilateral agreements.

Whatever the stance of countries such as Poland and Czechoslovakia, it is the position of the Soviet Union – which supplies the bulk of *the area's raw materials – that* will be crucial.

Alternative to Marshall Plan

Comecon was founded in 1949 as an alternative to the Marshall Plan area, conceived by the Soviet Union as an integrated economic mechanism aimed at creating a harmonious trading area.

The other original members were Bulgaria, Czechoslovakia, Hungary, Poland and Romania, with East Germany joining in 1950. Albania joined in the 1950s but left in the 1960s; Yugoslavia has had partial membership since 1964; Mongolia joined 1960, Cuba 1972 and Vietnam 1978.

Economic plans were aligned, and, initially, centralisation increased growth. But more recently the system has tended to confirm inefficiencies as the Soviet economy locked its satellites into subservience to a market which could neither raise technological standards nor trade in convertible currencies.

Soviet analysts yesterday discounted the break-up of the organisation, saying that trade links between the member states were too close for them to be swiftly cut.

The Soviets have for some time talked of reforming Comecon and have been urging their partners to switch to calculating trade in hard currency rather than the notional transferable rouble which in Poland's case would mean an annual loss of $1bn in the short term.

This reflects the fact that much of Poland's machinery sold to the Soviet Union is of poor quality, while Soviet oil exports are immediately marketable for hard currency.

Similarly, Czechoslovakia and East Germany both have whole sectors of industry devoted to catering for the Soviet market.

Mr Klaus also said that the Czechs would be asking for the annulment of multilateral agreements signed within Comecon and should other members not agree then Prague would unilaterally drop them.

The socialist pursuit of profit, Page 14

MARKETS

STERLING
New York lunchtime:
$1.6295
London:
$1.63 (1.61)
DM2.7425 (2.77)
FFr9.365 (9.4625)
SFr2.5125 (2.54)
Y233.50 (234.50)
£ index 86.7 (87.0)

GOLD
New York: Comex Feb
$400.6 (396.4)
London:
$395.75 (394.5)

N SEA OIL (Argus)
Brent 15-day Feb
$21.25 (-0.725)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.6835
FFr5.7535
SFr1.5425
Y143.50
London:
DM1.682 (1.7205)
FFr5.745 (5.8775)
SFr1.541 (1.578)
Y143.30 (145.65)
$ Index 67.2 (67.9)
Tokyo close: Y145.20

US LUNCHTIME RATES
Fed Funds $8\frac{5}{16}$%
3-mo Treasury Bills:
yield: 7.804%
Long Bond:
$101\frac{3}{16}$
yield: 8.013%

STOCK INDICES
FT-SE 100:
2,461.6 (−12.1)
FT Ordinary:
1,957.3 (−11.0)
FT-A All-Share:
1,224.52 (−0.2%)
New York lunchtime:
DJ Ind. Av.
2,791.81 (−17.92)
S&P Comp
355.51 (−3.25)
Tokyo: Nikkei
38,712.88 (−202.99)

LONDON MONEY
3-month interbank:
closing $15\frac{3}{32}$% (same)
Liffe long gilt future:
Mar $92\frac{1}{4}$ (92)

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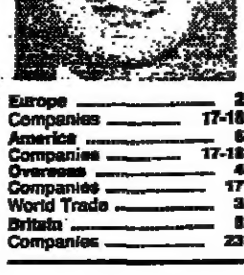
Taiwan's bid to join Gatt set to raise political storm



Chen Li-An, Taiwan's Minister for Economic Affairs, has applied for membership as a separate customs territory. As the world's 13th biggest exporter Chen Li-An said Taiwan had full autonomy over its commercial relations. Page 3

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Moscow seeks to calm Azerbaijan border protests

By Quentin Peel in Moscow

TOP Soviet Communist Party officials flew yesterday to the Iranian border zone in the republic of Azerbaijan, in a bid to calm a wave of nationalist protests and attacks on the frontier installations.

Mr Rafik Nishanov, chairman of the Soviet of Nationalities in Moscow, and Mr Abdul-Rahman Vezirov, leader of the Azerbaijan Communist Party, were meeting leaders of the nationalist Azerbaijani Popular Front in Nakhichevan, the border enclave where thousands of demonstrators tore down fences and control towers over the New Year.

At the same time, there were reports of demonstrations in solidarity with the Nakhichevan protesters in Baku, the Azerbaijan capital, where demonstrators in recent weeks have already demolished or damaged monuments to leading figures of the Soviet Communist Party and attacked churches of the minority Armenian community.

The Soviet authorities are clearly taking the upsurge in nationalist sentiment in the republic extremely seriously, although Mr Gennady Gerasimov, the Foreign Ministry spokesman, insisted yesterday that "it is not a big international issue". Nevertheless, he confirmed that Iran had protested over the border demonstrations, calling on the Soviet Union to keep its side of the frontier in order.

Another independent report, from unofficial Soviet sources, said yesterday that the border protest had attracted Azerbaijanis from both sides of the frontier – and the Iranian border guards had opened fire on them.

"The chain of people who came from both sides stood together along the whole of this length of the border (in Nakhichevan)," according to Mr Aydin Amirbekov, a correspondent for Glasnost news service. "From the Soviet side there was no military resistance. Iranian border guards used their arms."

However Soviet officials have reported only one casualty, of a man who died in a fight among the demonstrators themselves.

For once it appears that the Soviet media themselves may be exaggerating the extent of the Azerbaijani disturbances.

"Riots in Baku have continued," according to Radio Moscow's Interfax news service yesterday. It reported the destruction of a monument to Stepan Shaumian, leader of the 26 Baku Commissars who died following the 1917 Revolution, and of a monument to Felix Dzerzhinsky, the founder of Cheka, forerunner of the KGB.

● Mr Neil Kinnock, the leader of Britain's Labour Party, has been forced to postpone a meeting planned for later this month with Mr Mikhail Gorbachev because of the Soviet leader's apparent preoccupation with domestic political events, writes Philip Stephens, Political Editor, in London.

The visit, scheduled for January 16 and confirmed by the Soviet authorities only a few days ago, was deferred following a meeting yesterday between Mr Kinnock and Mr Leonid Zamyatin, the Soviet ambassador in London.

A statement released by the Labour leader's office after the meeting said that Mr Zamyatin had brought a personal message from the Soviet leader saying that he had decided to postpone contact with foreign politicians during January.

The postponement is an obvious disappointment for Mr Kinnock. He had hoped that an early meeting with Mr Gorbachev at the Kremlin would enhance his international standing.

Worried France treads warily round issue of German unity

By David Marsh in Bonn

THE CRUMBLING of the Berlin Wall and growing links between the two Germanys have sent a fissure through the three-decade-old bond between Bonn and Paris.

The informal meeting yesterday in southwest France between President François Mitterrand and Chancellor Helmut Kohl is unlikely to have done more than take stock of the two countries' different strategic interests regarding the changes in Central Europe.

Despite a recent series of Franco-German divergences over defence, monetary questions and the development of the European Community, diplomats from both sides play down talk of serious strains between the two allies.

France is trying to tread carefully. It is clearly the junior partner in the economic relationship with Bonn. Yet it still has the military and diplomatic status of one of the four Second World War victor powers – including joint responsibility for eventual settlement of "the German question".

Paris plainly fears the economic and political consequences of too rapid a move towards reunification. But it is also haunted by the opposite worry of how German public opinion would react if the view took hold that the Western allies were trying to close the door on German unity.

In sphinx-like statements during the past two months, Mr Mitterrand has made plain that he sees reunification as a matter for the German people to decide. But he has also insisted on the "sovereignty" of a separate East Germany, underlining basic French disquiet about the effect on the European power balance of a German merger.

Mr Mitterrand's messages on German unity have been carefully tailored to his audience. In Bonn at the beginning of November, he said he was not afraid of reunification and suggested it could take place within the next 10 years as part of a "new European structure". But during a visit to East Germany shortly before Christmas he underlined his support for the status quo based on "two German states".

He has been careful to point out the danger of a "chain reaction" spreading from East Germany to the Soviet Union itself. This would strengthen the centrifugal forces afflicting the Soviet state and possibly lead to the downfall of Mr Mikhail Gorbachev.

Recent declarations by French politicians of wariness about reunification have a two-fold impact on West German public opinion. The statements emphasise the obstacles still standing in the way of unity – but also strengthen latent West German resentment that Bonn's neighbours are trying to block the route.

Publication of a document from the West German embassy in Paris on French attitudes towards reunification, leaked yesterday to the Frankfurter Allgemeine Zeitung, seems calculated to heighten this impatience.

The document, drawn up for the West German Government shortly before Christmas, emphasised the scepticism of the "French political class" towards the prospect of a united German state.

The report claimed that Mr Mitterrand was convinced that reunification would come, but that the French Government was "playing for time" over the question. It highlighted recent cautious statements on the issue from Mr Roland Dumas, the Foreign Minister, and Mr Jean-Pierre Chevènement, the Defence Minister.

German public opinion is highly sensitive to suspicions of foot-dragging by the Western allies over the German question. Mr Willy Brandt, the former Chancellor, Mr Theo Waigel, the Finance Minister, and Mr Alfred Dregger, the veteran leader of the conservative parliamentary grouping in Bonn, have both addressed warnings to the allies over this issue.

Two well-known commentators, respectively, from left and right – Mr Rudolf Augstein and Mr Johannes Gross – have pointed out the danger for Bonn's partners of treating their past declarations of support for German unity as mere lip service.

More than 100,000 East Germans take part an anti-fascist demonstration at East Berlin's Soviet war memorial which was found smeared with fascist slogans a week ago

Romania's new leaders prepare poll programme

ROMANIA's National Salvation Front yesterday held its first nation-wide meeting in Bucharest, amid increasing signs of returning stability throughout the country, writes Judy Dempsey in Brasov, Romania.

Committees of the Front yesterday met to thrash out a social and economic policy and to decide their programme for elections scheduled for April.

The Front will stand in the elections, but it remains unclear if it will evolve into a political party or remain as a broad-based and loose group of diverse political interests until after the elections.

But in Brasov, central Romania, once the home of the country's ethnic German minority, the Front has attained a widespread popularity and seems intent on first meeting the most basic demands of the population, including food and heading.

Polish farm protest

Leaders of Poland's Rural Solidarity movement have launched a protest against Government's economic policies, warning that they may bring a slump in food production, writes Christopher Bobinksi in Warsaw.

The protest follows the introduction this week of an IMF approved plan to combat inflation which will hit farmers' incomes.

Prices of agricultural machinery, fertilisers, coal and fuel have more than doubled in the past few days while demand for food is already slackening as real wages continue to fall.

Mr Gabriel Janowski, a Solidarity senator in Parliament recently elected to head the 250,000 strong movement said: "We cannot accept the enormous burdens being placed on farmers.

"The mood in the country side is very bad and if it deteriorates it could threaten the stability of the State," he added.

Portuguese Communists face crisis within party

By Patrick Blum in Lisbon

THE Portuguese Communist party's expulsion this week of one of its leading advocates for reform is bringing to a head a growing crisis within the party.

The PCP remains one of the few hard-line Marxist communist parties left in Europe after the dramatic political changes which have swept Eastern Europe, but pressure for change is mounting despite the party leadership's efforts to hold back reform.

Encouraged by events in Eastern Europe, several PCP members are calling for change and challenging the party's veteran leader, Mr Alvaro Cunhal. Until now Mr Cunhal, 76, who has been the party's general secretary since 1961, has seen off his critics with relative ease.

The PCP's influence has waned since its heyday during the 1975 revolution when it came close to power and its decline has been accelerating. In the 1983 general election it won more than 18 per cent of the vote and 44 seats out of 250 in the National Assembly; in 1987 its vote fell to 12.2 per cent with 31 seats. Party critics argue that a further erosion of support is inevitable without radical changes.

The latest challenge comes from Ms Zita Seabra, a former member of the party's political commission and central committee who lost both positions in 1988 for criticising the leadership.

Ms Seabra, 40, was a deputy in the National Assembly until 1987 and is a respected party militant. She was expelled on Wednesday after writing an article the previous day denouncing the party leadership which she said had failed to respond to international changes.

It had not condemned the massacre at Tiananmen square, and in July, shortly before the collapse of the communist regimes in Czechoslovakia and East Germany, it praised their economic successes and political life in the two countries.

Ms Seabra's expulsion was immediately deplored by other party critics who are hoping that an extraordinary party congress due within six months will endorse their demand for reform.

But the first sign that things may be changing were provided by Mr Cunhal who admitted for the first time yesterday the possibility that he may step down in favour of a new party leader after the next congress.

Netherlands economy 'vulnerable'

By Laura Raun in Amsterdam

THE DUTCH Government's economic and social policies are delicately balanced in a mix which is vulnerable to slowing economic growth and rising inflation, according to its top economist, Professor Frans Rutten.

In his annual essay, which helps shape government policies, the economist pleads for moderate wage demands, lower taxes, better education, more modern technology and improved infrastructure. He also urges continued control of state spending and enlargement of the relatively small working population.

Mr Ruud Lubbers' centre-left government of Christian Democrats and Socialists which took office in November after seven

Mr Lubbers: striving for "social renewal."

years of a centre-right coalition is striving for an ill-defined "social renewal" coupled with budget discipline and measures to shrink unemployment.

Prof Rutten, who is secretary-general of the Economics Ministry, believes that value-added taxes and welfare premiums should be cut to keep wage demands from surpassing the 2 per cent official forecast for 1990-94. He also issues a strong call for more people to work since only about half of the adult population has a job.

According to recent figures from the Organisation for Economic Co-operation and Development, growth in gross domestic product is forecast to slow to 2.9 per cent this year and 3 per cent in 1991 from 4.2 per cent in 1989. Inflation is expected to accelerate from 1.5 per cent in 1989 to 2.2 per cent in 1990 and 2 per cent in 1991, still the OECD's lowest.

Prof Rutten cautions against "euphoria" about an instant commercial bonanza for EC countries as a result of the opening of Eastern European and notes that competition will intensify in certain low-technology areas. Over the long term, however, Western Europe, including the Netherlands, should benefit, he adds.

Fanfare over Belgian budget sounds a doubtful note

By Tim Dickson in Brussels

BELGIAN BUDGET ministers have been bearers of bad news for so long now that it has become almost traditional to shoot the messenger.

Such a thought may bring a little comfort to Mr Hugo Schiltz as he assesses the deeply sceptical reaction to his triumphant announcement on Wednesday that the 1989 budget deficit turned out to be substantially lower than forecast, and that the infamous "snowball effect" whereby extra borrowings have been needed just to service existing loans has been halted.

This claim is of great political and economic significance for Belgium, where successive governments have been trying, largely in vain, to shake off the huge burden of debt incurred in the late 1970s.

Painfully negotiated public spending cuts have helped cut the budget deficit from a peak of almost 13 per cent of gross national product in 1982 to the 6.6 per cent just posted for 1989 – but over the same period outstanding debt as a proportion of GNP has jumped from 90 per cent to more than 120 per cent today, one of the highest levels of its kind in Western Europe.

Mr Schiltz's boast that he has ended the vicious circle is particularly galling for Mr Guy Verhofstadt, leader of the opposition "shadow cabinet" and budget minister in the previous centre-right Government. Mr Verhofstadt has consistently implied that the present five-way coalition of Christian and Socialist parties – including Mr Schiltz's Flemish nationalist Volksunie – is not to be trusted with the country's precarious finances and that his own hard work in previous years is in danger of being undone.

His comments that the latest figures are embellished and "too good to be true" are nevertheless more than just predictable swipes at a political opponent. Most financial analysts are deeply puzzled by a 1989 budget deficit, which at BFr397bn (£6.84bn) is not only lower than the target of BFr405bn set in March last year but a good BFr30bn-BFr40bn better than senior government ministers were predicting just a few days ago.

The main reason appears to be an exceptional and unexpected drop of BFr61.7bn in the deficit to be financed in December – a result which Mr Schiltz insists is not abnormal but which independent commentators suspect may owe much to delayed expenditure by Belgium's regional governments and the Flemish and francophone communities.

Last year marked a transition of powers from central to regional government under Belgium's devolution programme and it is widely believed that for technical reasons the latter's cash spending last year was less than budgeted. The extent to which this is true, though, will only show up in the next few weeks as a more detailed breakdown of the deficit becomes available.

Quite apart from scepticism over the budget sums, Mr Schiltz's triumphant tone at Wednesday's news conference is being called into question. Last year's pay talks with the public sector unions were particularly fraught, with the Government consistently citing the dire budgetary position as a justification for holding the line.

As one analyst observed yesterday: "There is a now a danger that the civil servants will feel that they have been misled, and that this year's pay bargaining and negotiations for additional spending cuts for 1990 will be all the more difficult as a result".

It is also perhaps something of a hostage to fortune for Mr Schiltz to make so much of the snowball effect in a year of quite exceptional economic growth. Thanks largely to the buoyant investment pattern of the past few years – an annualised 22 per cent in the first six months of 1989 according to Generale de Banque, and much higher than in competitor countries when measured in relation to GNP – virtually all the main economic indicators in Belgium are now looking healthy.

Real GNP growth is estimated to have been 4.4 per cent last year (after 4.2 per cent in 1988), inflation was up from 1.2 per cent to 3.1 per cent but is still under control, while the unemployment picture has markedly improved with a fall from 10.6 per cent to 9.7 per cent last year.

There is no guarantee, many say, that this performance can be sustained and a combination of lower GNP growth and a higher interest rate burden could put Mr Schiltz right back on the ropes this year.

Two credible theories about his performance were doing the rounds in Brussels yesterday. One is that with the Belgian franc under pressure in the European Monetary System (and held in place with the help of a 2 percentage point interest rate differential over the D-Mark), Mr Schiltz is looking for new ways to draw attention to the virtues of the Belgian currency.

The other is that he is seeking to strengthen his own position within the coalition ahead of this year's negotiations on the unfinished "third phase" of devolution. The outcome of that domestic battle, after all, will be of key importance to the Volksunie.

Bonn housing boom

A boom in construction in West Germany, partly stimulated by the need to house East Bloc refugees, has helped to buoy industrial production figures for November. However, the immigrants have also boosted the December unemployment figures, writes David Goodhart in Bonn.

Industrial production was up 0.5 per cent in November compared with the previous month. And October and November combined saw a 5.1 per cent increase on the same months of 1988 while construction activity rose 7.4 per cent over the same period.

After the completion of only 208,000 homes in 1988 the figure is expected to pick up to about 260,000 for 1989 and 400,000 this year helped by an extra DM 6bn from the Government over the next four years for public and private housing. Unemployment rose over the 2m mark in December. Nearly 260,000 of the jobless were recent immigrants from the East Bloc.

Throwing money at Poland could do more harm than good

Sir William Ryrie warns that there is much confusion about how the West can help Poland in its economic transition

EVERYONE wants to help Poland. Motives are mixed, to be sure, but if I were a Pole I would not worry too much about that. Assume the best motives and make the most of the momentum before it weakens.

At the same time, the eagerness of Western governments to help, or to get the political kudos of being seen to help with billions of our dollars or Ecus, carries dangers. Delegations of businessmen, officials and politicians pour into Warsaw; self-appointed experts offer advice; but there is much confusion about what the West can most usefully do to help Poland, and throwing money at the problem may actually hinder the process of change everyone wants to see.

The first and most urgent need, as Poland's new leaders recognise, is economic stabilisation, to bring the monetary situation, inflation and the balance of payments under control. Beyond that, what seems to be needed is a double process of change – from a completely controlled economy to a market economy and at the same time a radical improvement in efficiency to raise living standards.

There is no good historical precedent for the first sort of change. This should make us all humble and hesitant with our advice. People who know a lot about how capitalist economies work should not imagine that they therefore know how to make the transition from communism. In Poland markets have been suppressed and distorted for half a century and most of the population has no recollection of such a world.

At the same time, economic man cannot be far beneath the surface. One has to believe that a decontrolled environment with the right incentives will lead to the emergence of entrepreneurs; the difficult question is one of time.

Drastic changes are needed to improve efficiency in the existing productive mechanisms – overhauling and whenever possible privatising state-owned enterprises – and one effect of this is bound to be a sharp reduction in the amount of labour employed. At the same time, new productive capacity has to be created quickly both to absorb the labour laid off by the old enterprises and to raise national output. This calls for new investment which must be made under market conditions. It is obvious that this process cannot happen overnight and in the transitional unemployment may be substantial.

Poland already carries the burden of servicing some $40bn of debt. We should be very careful about adding to this debt. If more is borrowed, it will be crucially important to make sure that the additions really do improve the productive capacity of the economy.

Stabilisation is first; beyond that what is needed is the transition to a market economy and greater efficiency aimed at raising living standards

Three areas cry out for attention: ways of providing the technical assistance Poland needs to transform its systems into those of a market economy; ways of encouraging the investment of private capital (domestic and foreign) in new productive capacity; and identifying areas where selective assistance to the government, in the form of grants, could help the transition.

Under the first heading – improving systems – comes a host of things involving legislative and administrative changes for a market economy, improvements in management, a modern system of company accounting and auditing, a modern banking and financial system, an advisory service for businesses, and privatisation of enterprises.

Forty-five years of communism have left Poland with very few people with experience in these fields; and the existing systems are very unlike those of a market economy. Privatisation, in itself, is a daunting challenge. It is not clear in many cases who legally owns the existing enterprises or has the right to sell them, and it is often difficult to tell whether a given enterprise is viable, on a market basis, because all prices of inputs and outputs are artificial and proper accounts are lacking.

Assistance in these areas need not cost large amounts of money, but it is of crucial importance. Organisations such as the International Finance Corporation, the private sector arm of the World Bank, can be of help. One hopeful sign is that many people of Polish origin, living in Western countries, are showing an interest in contributing their skills.

The second need is private investment in new productive capacity. One danger which stems from the flow of large amounts of aid to the government is that the government may be tempted to spend it, the easy way, on the existing state entities and so discourage the emergence of a strong private sector. Of course, public investment to improve infrastructure is badly needed, too, and may have to be financed partly by foreign borrowing, for example from the World Bank.

But the key need is to encourage private investment both by Polish citizens (many of whom have capital because the problem in Poland has been too much money and too little to spend it on) and by foreigners.

The Polish government's approach to this seems to be sound; but foreign governments and international organisations, in their well-intentioned eagerness to help the private sector, must be careful not to end up forcing easy money down the throats of budding enterprises and entrepreneurs. This will not produce good market decisions. Private investment must happen in its own time, within an environment as free and encouraging as the Polish government can make it, even if this means that the process turns out to be a bit slow to those who would manage and guide it.

Third, there must be ways in which grants to the Polish government, not loans, could be used for particular expenditures to assist the transition. General grants to support the budget should be avoided – they might run the risk of perpetuating the present pattern of government expenditure in which no less than a fifth goes in subsidies to consumers.

For example, Western money could be used partly to provide temporary unemployment pay for workers making the transition from the old inefficient industries. Training and retraining would be another area. So would financing for the transitional costs involved in privatisation, as would an advisory service for new businesses. Grant financing might well be used for a massive environmental clean-up.

No doubt there are other such possibilities. The main thing is to ensure that whatever resources we supply to Poland are carefully targetted at purposes which will genuinely assist the transition.

Sir William Ryrie is executive vice president of the International Finance Corporation

Period of belt-tightening in prospect for Sweden

By Robert Taylor in Stockholm

SWEDEN FACES an austerity budget next Wednesday with tighter controls on government spending and higher costs for consumers, according to selective leaks published yesterday in Aftonbladet, the ruling Social Democratic party's newspaper. It says planned spending on child and pensioner care, as well as road building and repairs, will be postponed. Subsidies on the price of milk will be removed.

The leaks suggest that Mr Kjell-Olof Feldt, the Finance Minister, will introduce the toughest package since taking office in September 1982. The estimated SKr1bn (£990m) budget surplus will repay interest on the national debt and not go towards social programmes.

The prospective austerity measures reflect growing concern in the Finance Ministry about the steady deterioration in the Swedish economy, which is expected this year to grow more slowly than that of any OECD country – 1.2 per cent compared with an OECD average of 2.9 per cent.

Consumer prices are projected to increase by as much as 8.2 per cent this year, more than twice as high as the OECD average, and the rise in wage levels will be even greater. Sweden's current account deficit is also expected to grow from $3.9bn last year to $6.3bn in 1991, which amounts to between 2.5 per cent and 3 per cent of the country's gross domestic product.

The next general election is due in September 1991 but next week's budget seems unlikely to do much to improve the popularity of the ruling Social Democrats, support for whom polls put at 35.6 per cent before Christmas, their worst performance for 70 years.

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WORLD TRADE NEWS

South Koreans flock to set up in the EC ahead of 1992

AN increasing number of South Korean corporations are investing in the European Community in preparation for the market integration in 1992. But risks as well as opportunities await them, AP-DJ reports from Seoul.

Analysts believe the South Korean move is correct but there are many inherent risks such as high production costs, low profits and strings attached to incentives.

Hitherto investments have been on a comparatively slight scale. By the end of last September, South Korean companies owned 69 projects worth $49m in Europe, compared with 64 projects worth $41m at the end of 1988, according to the state-owned Korea Trade Promotion Corp (Kotra).

Almost half the investments were in manufacturing, particularly electronics assembly.

The three giant local electronics makers, Samsung Electronics, Goldstar and Daewoo Electronics, have completed or are constructing 11 electronics assembly plants and many other small and medium-sized companies are following suit.

Samsung Electronics now operates a VCR and microwave oven plant in the UK, and a color TV plant in Portugal. The company is now constructing a VCR plant in Spain, a colour TV plant in Hungary and another colour TV plant in Turkey, all due for completion next year.

Goldstar now runs a VCR plant in West Germany and a microwave oven plant in Northern Ireland.

Daewoo Electronics has already dedicated one VCR plant in Northern Ireland and a microwave oven plant in France. The company's third European plant will be built in Hungary, the company said.

The three electronics giants will be able to produce a total of 1.3m VCRs, 800,000 colour TVs and 600,000 microwave ovens this year in Europe.

Saehan Media is now building a video tape plant in Ireland for completion at the end of 1990 and Haitai Electronics is constructing a compact disc player and car stereo plant in France for completion early next year.

Following the rush to Europe of electronic assemblers are small parts makers. Samjung, one such company, is to set up a VCR part plant in Northern Ireland, and other companies are following suit.

These companies have selected different places and different items for their investments in Europe, but they have one thing in common – the strategy to prepare for the single European market by 1992 by way of those investments.

Many believe the market unification will definitely raise trade barriers in the region to outsiders. South Korean companies, already suffering from tough trade sanctions by the EC, will find it more difficult to penetrate the united market, they say.

Most South Korean electronic exports to Europe, such as VCRs, colour TVs, compact disc players, video tapes and car stereos, are currently subject to anti-dumping charges by the EC. Microwave ovens, another important export item, are now subject to quotas.

Expecting that the trade barriers will be higher after 1992, it is wise for Korean firms to invest in Europe now, says a Ministry of Trade and Industry official. But there will be such advantages as easier access to markets to be enjoyed by Korean-invested companies already there.

Responding to domestic firms' growing interest in Europe, many government or private organisations from the region have flocked to South Korea to lure investment. Among more than 60 delegations to visit South Korea this year to attract potential investors, more than half were from Europe, says Kang Yong-Soo, head of Kotra's EC investment division.

China tries to block French sale to Taiwan

CHINA has made a fresh attempt to block the sale of French frigates to Taiwan with a protest to Mr Roland Dumas, the Foreign Minister, French officials said yesterday.

The potential deal, reliably reported to concern six unarmed vessels worth about $1.3bn, is aggravating the already bad state of Franco-Chinese relations.

Mr Dumas heard Peking's objections on Tuesday from Chinese ambassador Zhou Jue, officials said. Zhou had already lodged a protest with the Foreign Ministry at the end of December, they added.

"The French view is that these are only hulls with no armament fitted and so a contract would not be in breach of our restrictions on arms sales to Taiwan," one source said.

China, which does not recognise non-communist Taiwan, said on December 28 that it opposed any defence sales to its neighbour. "This would be a *direct interference* in China's internal affairs," a Foreign Ministry spokesman said.

French government sources confirmed that the inter-ministerial committee which vets arms exports had given the go-ahead for negotiations with Taiwan to start in earnest.

Western auditors seek Moscow links

By Enrique Tessieri in Helsinki

VNESHCONSULT, a leading Western-Soviet management consultancy joint venture, is seeking with Ernst & Young to establish Vneshaudit, the first joint venture auditing firm in the Soviet Union in the next few months.

"We are also seeking to get Vneshaudit registered so that it will have the same status as Inaudit," said Mr Jussi-Pekka Hakola, senior manager of Okobank, a leading Finnish bank.

Inaudit, the sole auditing company registered in the Soviet Union, does not have a very reputable name among Western-Soviet joint venture companies because it is undermanned and too bureaucratic.

"Most Western companies have to keep two accounting books – one that complies with Soviet Accounting Standards (SAS) and the other with their own country's," explained Mr Tapio Helle, an accountant for the US Coopers & Lybrand.

"Soviet accounting practices are more interested in volume than net-sale gains. This reality has been encouraged by state economic policy and by five-year production goals."

Mr Helle also added that the Estonians, in an attempt to gain more economic autonomy from Moscow, are also talking about forming their own auditing company that would be independent of Inaudit.

Vneshconsult is only a small segment of a wider concept, according to Mr Hakola. "Through our Oko Trade International office in London, which was founded last month, we can now offer risk analysis, consulting and financial engineering to a Western company that seeks to do business in the USSR or Eastern Europe. This happens through Vneshconsult and Vneshaudit."

The Moscow-based Vneshconsult, which was established in 1988, is made up of the Soviet Vneshtechnica, an external trade firm that specialises in technology transfer and licensing, The Main Demonstration and Testing Computer Center of the USSR, Dialog, a US-Soviet computer joint venture with Hewlett-Packard, and Mecra-Sov Consulting, comprised of Okobank and the Finnish consulting company Mec-Rastor.

Jakarta to announce project winner

By John Murray Brown in Jakarta

THE WINNER of the battle between Mitsubishi and Asea Brown Boveri for Indonesia's $500m Gresik power plant contract is expected to be announced next week.

Final proposals for the 900 MW gas-fired plant in East Java were submitted last week to Mr Radius Prawiro, the economics minister.

There were earlier unsuccessful bids from Alsthom of France, Siemens of West Germany and General Electric of the US.

Gresik will be the first Indonesian station to utilise the more energy efficient combined cycle technology, which harnesses gas turbines to feed a steam boiler.

A contract for the gas supply was signed last month between Pertamina, the state oil corporation, and PLN, the national utility.

The gas comes from an offshore field developed by Atlantic Richfield of the US.

It is one of a number of power projects under the current five year plan which targets $4.5bn on power plants.

Financing will again be the key issue on Gresik. Mitsubishi is widely tipped as favourite to win the contract under a turnkey proposal and is expected to utilise a large amount of soft financing.

However, industry sources say ABB which is collaborating on the deal with the Japanese group, Marubeni, offers better technology.

Mr Jusuf Habibie, Indonesia's research and technology minister, earlier called on all the bidders to submit alternative build, operate and transfer proposals for the Gresik project.

The contractor would be expected to run the plant for up to 10 years, recovering his costs through electricity tariffs.

Italy to ease restrictions

ITALY has approved a proposal which will relax foreign exchange restrictions in a move aimed at lifting all curbs on capital flows by July, AP-DJ reports from Milan.

Italians will be able to keep foreign currency obtained against the delivery of goods and services abroad in a domestic foreign currency *account indefinitely*. Currently, they have to exchange foreign currency holdings into lire within 120 days.

Under the proposal, residents still will not be able to keep for more than 120 days any foreign currency acquired against payment of lire.

Turkey's traders not all sold on new Eximbank

Jim Bodgener on the first year of state credit support for exporters

TURKEY's youthful Export-Import Bank has come a long way during its first full year of operation in 1989. But Turkish exporters still feel it has not compensated for the loss of tax incentives for exporting under the General Agreement on Tariffs and Trade.

The institution started its operations in the late spring of 1988 with pre-shipment and post-shipment short-term credits. Now the services it offers have expanded to include medium-term bilateral credit lines, insurance, and this year, a project-based credit system for concerns with exports of more than $100m, called Foreign Trade Corporate Companies (FTCCs), of which there are about 20.

The latter scheme replaces a performance-based credit system, whereby companies received a 5 per cent premium on the amount of exports beyond $100m. This service on a rolling basis financed exports last year totalling around TL1,600bn (£428m). Combined, the post and pre-shipment schemes supported sales totalling another TL1,700bn.

In addition, Eximbank extended credit lines of $300m (£187m) to the Soviet Union towards the 30 per cent cash portion of payments made for imports of Soviet natural gas.

A memorandum of understanding has also been reached for a $350m line of credit to the Soviet Union in support of turnkey contracts to be awarded to Turkish companies for the construction of about 15 projects for light industrial, food processing, and health equipment factories.

Starting with a counter guarantee programme for contractor financing in Libya, Eximbank has moved on with $400m extended to Iraq. This was sealed in the autumn, when the Treasury agreed to cover Eximbank for political risk. Just before Christmas, a credit line valued at $100m was agreed with Algeria, while Turkey will probably offer credit lines of $100m each to Poland and Hungary within the context of the European Community-orchestrated Organisation for Economic Co-operation and Development assistance package for restructuring.

This year, Eximbank could extend another $1bn in medium-term bilateral credits, says its director, Mr Turgay Ozkan. Its near-term funding will support another $2bn-$3bn worth of exports. In addition, Eximbank will introduce assistance for small and new exporters which have difficulties tapping credit and also funding for marketing costs.

Turkish traders say these services, though helpful, hardly compensate for the lost tax rebate incentives – and Mr Ozkan, agrees. For example, the funds extended in 1989 hardly make up for a quarter of the infusions from export tax rebates the previous year.

But export credits are a healthier and more selective, market-oriented way of financing exports, says Mr Ozkan, referring obliquely to the long-running scandal of "dummy" export claims by companies abusing the tax rebate system.

The new project-based system for larger companies would be a tighter way of administering funds, said Mr Mustafa Somersan, head of Meptas, one of the leading trading companies. But exporters were less pleased with it.

Export returns are expected roughly to mark time, with 1989 matching the total for 1988 of $11.66bn, compared with bumper growth of up to 25 per cent earlier in the 1980s. This growth rate upheld Turkey's international debt-servicing creditworthiness. But Mr Ozkan sees this as encouraging, in view of the lost rebates – and therefore of the "dummy" exports – and stagnation in the once-lucrative Iraqi market.

Some traders are not so sanguine. Their most pressing problem is not subsidies but the erosion of competitiveness from the slow-down in 1989 of previous rapid lira depreciation, the motor of exports from the early 1980s.

The lira had only devalued by around 22 per cent against the US dollar last year, said Mr Faruk Erkoc of the trading house Penta dis Ticaret. Measured against domestic inflation of 70 per cent, this meant companies had to shoulder a 28 per cent foreign exchange loss in an industry such as textiles.

"You can't make money manufacturing for export in these conditions," he said, "particularly when you have long-term supply contracts in countries like the US."

Ankara drives ahead with motorways programme

By Jim Bodgener

MOTORWAY contracts worth $621m have been awarded to three Turkish companies by Turkey's State Highways Administration (KGM), despite World Bank disapproval. The state-run Public Participation Fund will provide 55 per cent of the financing now and 45 per cent on completion of the contracts.

The largest contract, for $313m, has been awarded to Dogus Insaat. It is for two sections of motorway totalling 89km in the south-east from Pozanti to Tarsus, and Tarsus to Mersin.

The next largest contract, worth $237m, has been won by Nurol Insaat for the construction of the Toprakkale to Iskenderun route in the south-east.

Finally, a $70m contract has gone to Bayindir Insaat for the construction of a route from Izmir to Urla in the Aegean region.

The World Bank has never liked Turkey's ambitious toll motorway programmes in the 1980s, considering the money might be better spent elsewhere. Its displeasure was partly the reason for the scaling down of a planned $350m transport sector adjustment loan last year into a $150m provincial highways credit.

Populist Indonesia budget to boost welfare spending

By John Murray Brown in Jakarta

PRESIDENT Suharto of Indonesia yesterday made a strong populist appeal in his annual budget speech, announcing greater welfare spending and a radical restructuring of the corporate sector.

In a two-hour speech to parliament he announced a modestly expansionary budget calling for efforts to improve wealth distribution in the poorest Association of South East Asian Nations state. In a move recalling past socialist policies, aimed to defuse renewed public concern at the growth of the private sector, the 68-year-old former general also presented a new share ownership scheme under which co-operatives are to take a 25 per cent stake in private enterprises.

This follows similar policies which will force state companies to give up 5 per cent of their profits to what President Suharto described as an economically weak sector.

This latest move invites co-operatives to take equity positions in foreign joint ventures. The budget, which comes into effect in April, projects increases in spending on the poor and the provinces and a pay increase for the civil service. The Inpres programme – project aid given by presidential decree – was also boosted.

The president, who has still to decide whether to stand for election again in 1993, announced increases for agriculture, education and health spending as well as transmigration and various village improvement programmes.

The budget envisages a 13 per cent increase in routine spending to 26 trillion Rupiah (£9bn), including a 10 per cent pay rise for the 4.5m public employees and 500,000 armed forces. Also raised are the pensions of retired army officers, some of whom have been openly critical of the president.

In regional allocations, particular mention was made of Irian Jaya, Indonesia's poorest region and the site of recent civil disturbances.

The 1990-1991 budget, which has still to be ratified by parliament, looks to a windfall 36 per cent rise in oil and gas revenues, and a 30 per cent boost to income tax collection. Local economists estimate better-than-budgeted oil receipts in the current year may be as much as $2bn. Again erring on the side of caution, the new budget is calculated on the basis of $16.50 oil price, while international prices of some crudes this week were above $20 a barrel.

At 12.7 trillion Rupiah, repayment on the country's estimated $38bn foreign debt is again the largest item, accounting for about half the total routine budget expenses. In the coming year about 30 per cent of Indonesia's exports will go to debt servicing.

Offering more grounds for optimism, the deficit on the current account has fallen from $1.8bn in 1988-89 to $1.4bn in the current year, according to figures published this week. With further growth in non-oil exports in 1990-1991 it is projected to decline to $1.3bn.

Indonesia's budget deficit is traditionally made up by infusions of foreign aid, which in the coming year will decline to 8 trillion Rupiah, reflecting continued prudence on the management of the balance of payments.

Lebanese PM in move to block cash for Aoun

MR Selim al-Hoss, Lebanon's Moslem Prime Minister, moved to block funds reaching defiant Christian General Michel Aoun, asking France and the US yesterday to help prevent him getting cash to pay his 15,000 soldiers, **Reuter reports from Beirut.**

Mr Hoss wrote to Mr Roland Dumas, France's Foreign Minister, seeking help in efforts by Lebanon's Syrian-backed Government to retrieve $15m (£9.3m) said by a French paper, Le Canard Enchainé, to be held in Gen Aoun's name in Paris. The general's wife also has power to draw on the money.

Besides the letter to Mr Dumas, Mr Hoss asked Mr James Baker, US Secretary of State, to back Lebanon in recovering any money held by Gen Aoun in any US bank.

Political sources said Mr Hoss was trying to put pressure on Gen Aoun to force him submit to the Government of President Elias Hrawi.

Gen Aoun, who says he is Lebanon's legitimate prime minister and does not recognise Mr Hrawi, controls the Christian enclave and the presidential palace within it.

The general said that the money, in a Paris bank, was given by Lebanese residents abroad.

That money, and other accounts in US and Lebanese banks, were to support what he termed his "war of liberation" against Syrian forces and not for his personal use, he said.

A senior official told Reuters that Mr Hoss and his ministers decided on Wednesday that the public prosecutor would ask France's judicial authorities to freeze the account.

Ex-ministers to monitor repatriated boat people

By Robert Mauthner, Diplomatic Correspondent

TWO former British cabinet ministers, Lord Ennals and Mr Timothy Raison, will leave for Thailand and Vietnam today to monitor the conditions under which 51 boat people, forcibly repatriated from Hong Kong, have been resettled in their home country.

The British representatives, from the ruling Conservative and opposition Labour parties, will have preparatory talks in Bangkok, the Thai capital, before flying on to Hanoi. They will spend three to four days interviewing the returnees, most of whom are living in Haiphong and the surrounding area.

The British ambassador to Vietnam, Mr Emrys Davies, who has talked with the returnees, has said that most of them have been resettled in satisfactory conditions in the same homes which they lived in before leaving for Hong Kong.

Their main complaints were not of ill-treatment by the Vietnamese, but that they were not given enough "pocket money" by the Hong Kong authorities.

The returnees claimed they had been promised $50 (£31) each, while the Hong Kong Government said this sum had been promised only to voluntary returnees and that those forcibly repatriated had never been promised more than $30.

Review of Gandhi plans

INDIA'S Planning Commission yesterday began a review of big industrial projects approved by the former Rajiv Gandhi Government. It appears that implementation of some of these will be postponed, **K. K. Sharma writes from New Delhi.**

The main reason, according to Dr Arun Ghosh, a member of the commission in charge of industrial development, is the shortage of funds, together with the need to reduce the budget deficit and cut imports because of depleted foreign exchange reserves.

The present exercise in the Planning Commission is aimed at revising the previous Government's development strategy so that the focus is shifted to agriculture and rural development.

A beginning will be made by formulating a plan for this year that will ensure that projects already under way are continued but also launch the new Government's economic strategy and priorities.

The draft of the full five-year plan for the period 1990-95 will then be prepared.

Dr Ghosh's believes efforts towards modernisation in the industrial sector should continue, especially in basic industries and capital goods.

US denies role in Seoul coup

By Maggie Ford in Seoul

THE US Government yesterday issued a sharp rebuttal of statements made by former South Korean President Chun Doo Hwan in testimony to the Seoul parliament on New Year's eve.

Mr Chun's testimony about the military killings in the provincial city of Kwangju and his 1979 takeover of power severely distorted the US role, according to a US statement issued in Seoul.

Washington takes exception to four main points in Mr Chun's testimony:

- It describes Mr Chun's reference to an alleged US role in the assassination of former President Park Chung Hee as "offensive and ridiculous".
- It says the US had told Mr Chun that there was no evidence of heightened North Korean aggression in 1980.
- It complains that Mr Chun's testimony selectively distorts US policy at the time, which was to call for restraint and dialogue to settle the Kwangju confrontation and to urge the continuation of movement towards democracy.
- It denies that the US ever supported Mr Chun's military coup in December 1979, and accuses him of media distortion to create the illusion that he had backing from Washington.

US diplomats have complained bitterly over the last decade that Mr Chun's Government had used the local media, under martial law, to divert blame for the wrongdoings of his regime onto the US.

Oil slick threat to Morocco lifts

POLLUTION experts said yesterday calm weather had lifted a two-week-old threat of oil damage to Morocco from a crippled Iranian supertanker after storms dispersed much of a huge slick near the coast, Reuter reports from Rabat.

Damage to oyster beds, rich fishing grounds, nature reserve and miles of tourists beaches is now expected to be minimal.

Patrick Cockburn adds: Oil tanker owners will be able to obtain additional insurance for oil pollution of up to $750m under an arrangement reached by the International Group of Protection and Indemnity Clubs which provides pollution cover for almost all the world's ocean-going tankers.

Jerusalem newspaper hit by dispute over editorial control

THE Jerusalem Post, for years a leading voice of moderate English-speaking Israelis and diaspora Jews, is this week deep in turmoil over editorial control of the newspaper that has led to the resignation of the editor and the departure of more than 20 of its most senior staff, Hugh Carnegy writes from Jerusalem.

Yesterday, for the second day running, the Post was cut back to 10 pages from its customary 12 and dropped its economic and business section, as a dispute deepened between the editorial staff and Hollinger, the Canadian-based newspaper chain which bought the newspaper last year from Koor Industries, the debt-strapped, trade-union-owned group. The remaining journalists have threatened strike action.

At the heart of the issue is the fear of Post journalists that the paper's moderate stance, which has seen it in recent years in strong conflict with the Government over policy towards the occupied West Bank and Gaza Strip, is under threat from their new owners.

Although its daily circulation in Israel is small – less than 30,000 – the Post's popularity with foreign diplomats, journalists and especially, through its weekly international edition, the American Jewish community give it a profile and perceived influence far beyond its size.

The issue boiled over last week when Mr Erwin Frenkel, the editor, resigned in response to an assertion by Mr Yehuda Levy, a former army officer appointed publisher by Hollinger, that he intended at some time to take on the role of editor-in-chief.

This week, 20 top Post journalists, were dismissed after saying they would quit if Mr Levy – who strongly denies wanting to alter the editorial stance of the paper – was not removed by the owners.

The journalists said yesterday they had the backing to establish a rival to the Post and planned to set it up within weeks.

EC's 1992 unsettles state-dominated Israel

When your chief trading partners talk openness, so must you, writes Hugh Carnegy

ZERO hour had passed for Israel, declared Mr Dan Gillerman, president of the Israel Chamber of Commerce, to a gathering of businessmen and government officials in Tel Aviv recently. Some may have quibbled with his sense of the dramatic, but few disagreed with the need for urgency.

The subject they were discussing has become – somewhat belatedly, as Mr Gillerman bemoaned – a central concern in the development of Israel's hard-pressed economy, evoking an intense debate underlain with a dash of fear. It is the effect on Israel of the European Community's drive to establish an integrated internal market by the end of 1992.

There is real anxiety in industry and government that the country is ill-prepared for what may prove a watershed for the Israeli economy. The reasons are not hard to find. Prevented by years of conflict from trading, except in marginal, indirect ways, with most of its Arab hinterland and facing a great physical barrier in reaching its strongest ally, the US, Israel has increasingly turned to Europe, and in particular the EC, for trade. The EC is now by far Israel's biggest trading partner, but the trade is, from Israel's point of view, alarmingly lop-sided.

In 1988, Israel drew 53 per cent of its imports – worth $7bn – from the community. It sent back a third of its total exports, but these still left a trade deficit with the EC of $3.5bn. More than that, most imports were consumer and industrial goods, while exports comprised largely agricultural produce, chemicals and polished diamonds.

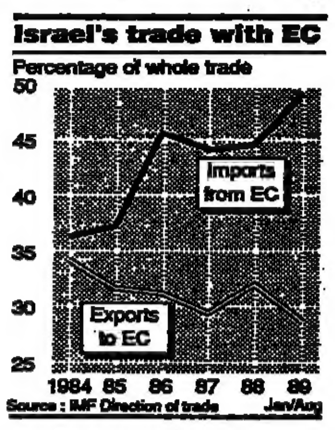
Mr Avi Primor, Israel's ambassador to the EC and Belgium, likened EC-Israel trade to that between a colony of old and its imperial master. "This tendency will grow more [after 1992] unless action is taken," said Mr Primor.

Here there is not much internal disagreement. But the debate does divide over what structural changes are needed within the domestic economy to better face the challenge of tougher competition in Europe. This essentially reflects the underlying issue of how far and how fast the Israeli economy should evolve from its state-dominated, socialist roots towards a more open, free market system.

People such as Mr Gillerman believe 1992 dictates that reform must come faster if Israel is not to be left behind by its all-important European partner. Opponents, including some industrialists, say that with such a trade deficit already, Israel should not rush into further exposing itself to the might of EC industries.

The main immediate concern of the Government, however, is to try to secure better terms of trade from the EC. It is seeking to upgrade its already preferential status – it has had a free trade agreement with the community since 1975 – to equivalence with the European Free Trade Association group of countries, especially to allow greater flexibility on local content in Israeli exports. This would give greater weight to the bid to exploit Israel's unique position in having free trade agreements with both the EC and the US.

The Government is also pushing hard for EC legislation to outlaw compliance by EC companies with the Arab boycott of trade with Israel, something Israel believes – despite EC scepticism – has greatly hindered the ability of its companies to trade.



A serious obstacle to these claims lies in the political relationship between Israel and the EC. Israel has repeatedly rebuffed EC calls for it to withdraw from the occupied territories and negotiate a peace settlement with the Palestine Liberation Organisation. Mr Primor admitted that European ministers and officials have made it clear that the EC will take Israel's economic requests more seriously only if Israel takes the community's political stance on the Middle East more seriously.

The EC, which bluntly dismisses the parallel with Efta, has also told Israel that many of its worries about 1992 are really worries about the increased competition Israel is facing from the expansion of the Community – and soon from eastern Europe. In particular, its traditional exports of citrus fruits and other fresh produce are under fire from the produce of Spain and Portugal – and from other EC associates such as Turkey. The message is that Israel has to look to itself to diversify its exports and compete more effectively.

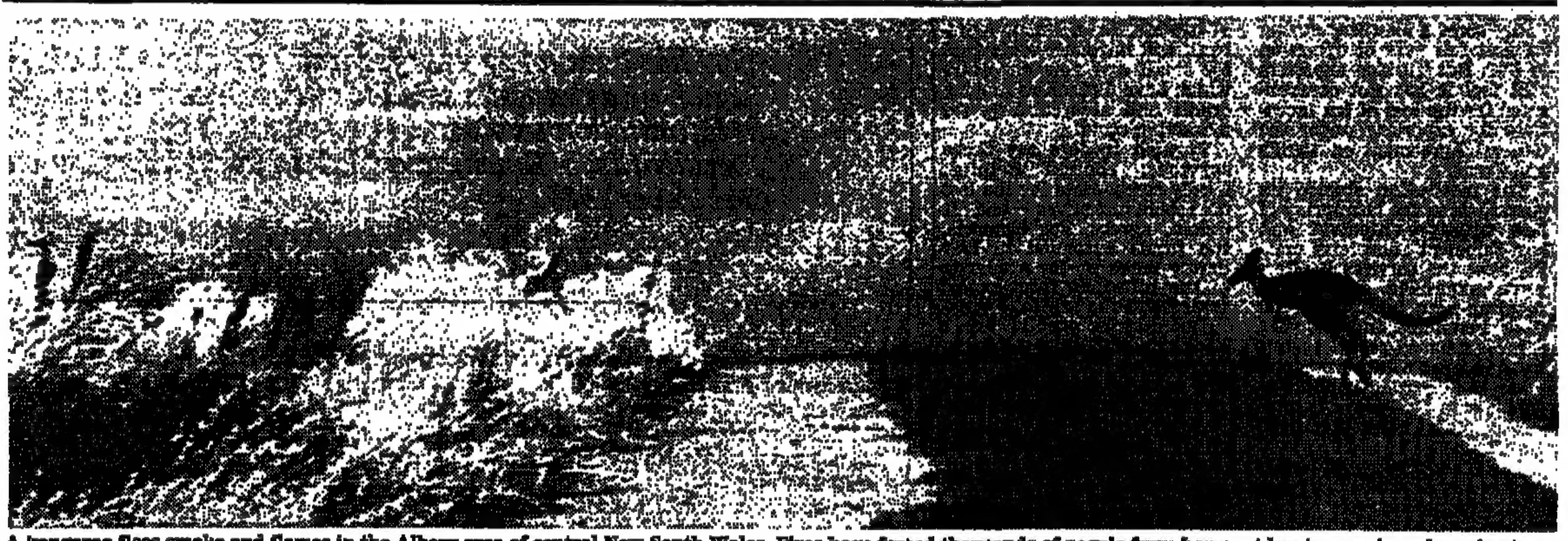
Many of Israel's top companies have moved to bolster their position after 1992. Companies such as Israel Chemicals, textile maker Delta Galil – both major players in their own fields in the EC – Osem foods, Teva Pharmaceuticals and Scitex, the computer graphics maker, have forged strategic links with other producers in Europe or set up production outlets in the community.

But the notion of moving production out of Israel is regarded by many as the last thing that should be happening at a time of high unemployment at home. Other important aspects of 1992 directly challenge areas where the Government has traditionally played a protective or interventionist role.

Israeli high-tech companies, which to date have leant mainly on the US defence market, are keen to take advantage of the opening up of public tenders in Europe, especially in telecommunications. This could help improve the quality balance of exports to the EC. But access to such contracts will require "reciprocity" of access to equivalent contracts in Israel.

"Are we prepared for this?" asked Professor Ben-Zion Zimmelfarb of Bar Ilan University. "It means exposing Israeli industry more than we have done in the past."

Far from granting reciprocity, Israel's ministry of industry and commerce, under Mr Ariel Sharon, the outspoken former defence minister, and other government departments continue to protect Israeli industry with a range of subsidies and non-tariff barriers.



A kangaroo flees smoke and flames in the Albery area of central New South Wales. Fires have forced thousands of people from home; at least seven have been hurt.

Bankers regret Manila cabinet reshuffle

By Richard Gourlay

BANKERS in Manila expressed disappointment yesterday that President Corazon Aquino's cabinet reshuffle this week included changes in the key finance officials involved in renegotiating the country's foreign debt.

Mr José Fernandez, the Central Bank governor under former President Ferdinand Marcos who survived the change of Government and helped keep the country's debt policy firmly on a conciliatory course with the banks, moved aside on reaching the technical retirement age.

With the Government still reeling from the failed coup in December, there was regret that Mr Fernandez did not choose to stay in his position and in the Cabinet until elections in 1992, but understanding of why he chose to go – given that he has recently felt obliged to travel to work in one of the Central Bank's armoured cars.

Mr Fernandez is replaced by Mr José Cuisia, a former head of a private bank who has been in charge of the country's social security system and was already on a government panel negotiating with foreign banks.

Mr Cuisia is expected to be more combative with the bank creditors than Mr Fernandez but is considered to come from the same school, advocating an honouring of the country's $28bn (£17bn) of debt.

Mr Vicente Jayme is replaced as Finance Minister by Mr Jesus Estanislaö, a former head of the Development Bank of the Philippines and Economic Planning Secretary. Mr Jayme, who was weakened by illness throughout his term, moves sideways to a new position as Economic Co-ordinating Minister.

The cabinet changes are widely seen in Manila as a direct response to military pressure after the coup attempt, although the army did not demand specific cabinet changes. As a result, Mrs Aquino is seen to be making changes in order to be seen to be doing something. It is far from clear that she has found a new formula likely to deflect future military adventures or to deal with problems of rising interest rates, inflation and food prices and her army's charges that the Government is ineffective.

Among the sweeping changes – nine top posts so far – there have been some notable losses. Out with the bathwater has gone the redoubtable Mrs Miriam Santiago Defensor, former Immigration Commissioner, Land Reform Secretary and crusader against corruption in government, who coined the remark "I eat death threats". Out also are Mr Reinerio Reyes, the Transport Secretary who had made great strides in cleaning up the corrupt ports, Mr Carlos Dominquez at Agriculture, and Mrs Lourdes Quisumbing at Education.

Among the relative unknowns who move into the cabinet in the crucial Agrarian Reform Department is Mr Florencio Abad, a congressman who has in the past voiced strong opposition to the continued American use of huge military bases after 1992 when the current lease expires.

Elevated to the position of chief military adviser to Mrs Aquino and head of the Intelligence service is General Mariano Adalen, a professional soldier who introduced partly successful counter-insurgency techniques in Mindanao.

He will be working with the Commission investigating the coup, which Congress has just granted powers allowing it to look into bank accounts of suspected coup supporters.

Taiwan may let foreign workers in

By Peter Wickenden in Taipei

A CRITICAL shortage of labour in Taiwan may be alleviated if a bill allowing foreign workers into the country is passed by Parliament.

In the last 18 months the island's labour-intensive industries have resorted illegally to bringing tens of thousands of unskilled labourers from the Philippines, Thailand, Malaysia and even mainland China in order to meet deliveries.

The Government's 14 main infrastructure projects, which include an underground railway system for Taipei and a new freeway, are almost all behind schedule for lack of manpower.

The Cabinet yesterday approved a proposal from the Council of Labour Affairs that would allow employers contracted to government infrastructure and housing projects to bring in foreigners on government approval.

According to the proposal, the employment of unskilled foreigners must not affect employment opportunities or working conditions for locals, or create social instability.

Qualified technicians would be allowed to work in Taiwan for three years with a possible one-year extension, and unskilled workers would be allowed to stay one year, with a maximum extension of one extra year. Employers would have to pay a bond to cover the cost of a return air ticket and repatriation expenses for each worker.

Companies with ongoing labour management disputes would not be allowed to take on foreign workers to beat legal strike action.

The Government is still resisting pressure to allow foreign workers in the private sector. It argues that the present population is homogeneous, and that social disorder and racial tensions might result in times of economic downturn.

China's political winter begins to freeze out private sector

Business is tolerated as long as it fills the gap and does not make any money for its owner, writes an FT correspondent

IT USED to be one of the liveliest streets in Peking. But in recent months what foreign residents have dubbed Clothing Alley, a long street lined with small stalls selling clothing and dealing on the black market, has fallen on hard times.

Once a symbol of how successful individually-run businesses could be, today it represents all of the problems private enterprises face.

"Business is not good," sighed one frustrated entrepreneur. "We pay taxes several times a year, and we now have to register. Transportation costs have also risen." His problem is not unique.

Throughout the country, the Government has launched what amounts to a virtual attack on the private sector. From the small bicycle repairman or stall owner to the larger computer companies, all are feeling the impact of the Government's tougher stand towards private entrepreneurs.

The number of individually-owned enterprises fell from 14.54m at the end of 1988 to 12.34m in the middle of last year, according to the estimates of diplomats. And the number of people employed in private business dropped from 23m Chinese to 19.4m during the same period, according to the official English-language China Daily newspaper.

At a time when Peking is re-emphasising central planning and tighter government control, private enterprises are being subjected to severe restrictions. Although they are allowed to continue to co-exist with the larger state-run organisations, General Secretary Jiang Zemin said in a speech recently that state enterprises were being given priority and would never be permitted to be abolished.

Private businesses are also suffering from the Government's retrenchment policy, which has been implemented to control inflation and bring excessive growth under control. With the current squeeze on credit, private enterprises have greater difficulty getting bank loans, and have less access to raw materials, energy and transportation facilities.

In addition, the Government is also imposing stricter auditing and tax collection, and forcing companies to register.

The Government's position has shifted dramatically from a year ago. A recent article in the People's Daily completed a study of the earnings of individual entrepreneurs. It concluded that some of their gains were legitimate, but should be regarded as "unreasonable". In contrast, under former Communist Party chief Zhao Ziyang, private entrepreneurs had long tax holidays and were cited as good examples of market-oriented businessmen. The Chinese press even printed articles attacking the principle of egalitarianism.

Although the tougher controls are politically motivated, analysts noted that the government had some legitimate concerns. Many private businesses have been evading taxes, failing to register, and using child labour in unregistered sweat shops.

"There is increasing concern about what is going on in the economy," one analyst said. "The government is cracking down on the private sector for legitimate economic reasons as well."

The Government has put the brakes on one of the fastest growing and most efficient sectors of the economy. Its contribution to society has been overwhelming, supplying services and meeting consumer demands which the state sector has not been able to provide, analysts said.

Private business has grown rapidly, filled niches and acted as an agent to development, providing less than 1 per cent of the country's gross domestic product in 1980 rising to nearly 4 per cent recently.

The private sector encompasses a broad range of enterprises and touches all sectors of society, not only individual bicycle repairmen, but even companies with 500 or more employees. Banks, hotels, dairies, computer software manufacturers, makers of computer components, car repair shops, and restaurants are among those companies that can be privately run.

But most private enterprises are primarily found in the service sector and are located in the coastal provinces of Jiangsu, Fujian, Zhejiang, and Guangdong, which has access to capital from Hong Kong and Taiwan.

The entrepreneurial spirit did not fade in the sixties and seventies in these provinces and they are "natural seedbeds for private enterprise", one western diplomat said.

In Peking, however, the attitude towards private enterprise has always been distinctly different from elsewhere. A certain scepticism towards entrepreneurs has tended to prevail, with private enterprise being viewed as a form of corruption and political heresy.

While many have always operated on the fringes of the economy, in order to stay in business they have been forced to pay kickbacks to corrupt local government officials or police. In the past, this practice protected many businesses. One observer said that if the Government seriously wanted private businesses to pay taxes, then it should crack down on corruption.

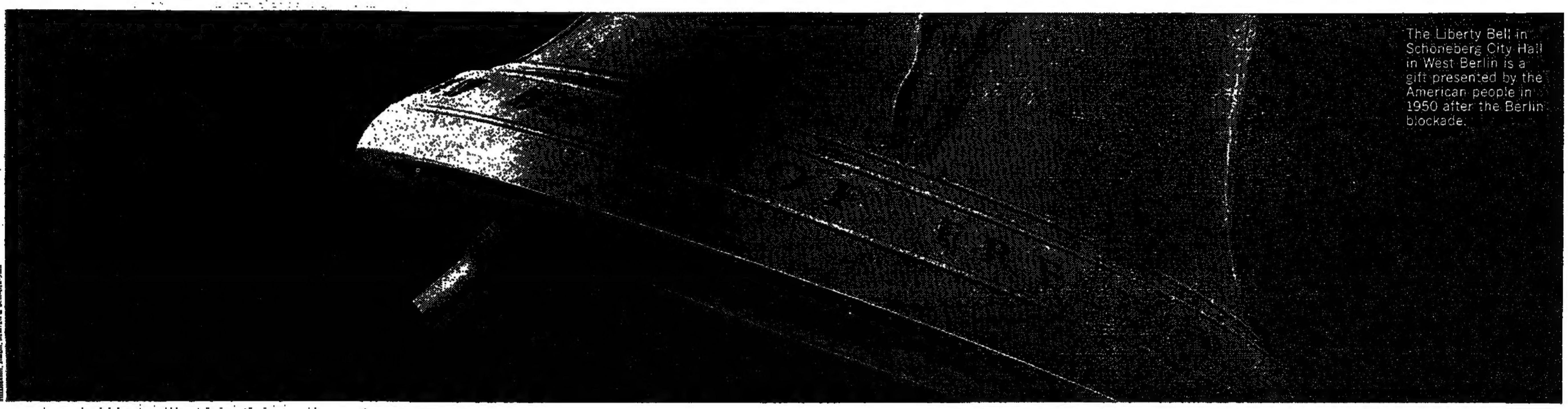
Since the Tiananmen Square massacre in June, the Government has attempted to win over public opinion, and the crackdown on the private sector has become a popular issue, much like the anti-corruption campaign. An obvious target, private entrepreneurs generate much social envy because of their high incomes. People appear sympathetic to moves to control private enterprises.

None the less, the Government is unlikely to eliminate this sector because it performs valuable public functions. It acts as a stimulus to economic growth, and if it were abolished, China would face even greater unemployment and a sudden decrease in available services, analysts said.

While Peking has not officially said what the role of private business is, it appears that "it's acceptable within clearly defined limits as long as people don't make too much money out of it," one western diplomat said.

"That this world under God shall have a new birth of freedom."

Inscription on the Liberty Bell in Berlin



The Liberty Bell in Schöneberg City Hall in West Berlin is a gift presented by the American people in 1950 after the Berlin blockade.

1989 will go down in history not as a year, but as an epoch.

What seemed unimaginable for decades has happened almost overnight. The bells of freedom have begun to ring out on the other side of the Wall – in East Berlin, in Eastern Europe.

We are witnessing one of the greatest democratic revolutions ever: the demonstration of the will of man for freedom – a will that is stronger than concrete and steel.

But without the support of the Western Allies and their ceaseless work for peace and freedom, these seeds of liberty could never take root in Eastern Europe.

It is now up to all of us to take this historic opportunity to turn hopeful expectation into reality for people everywhere. We at Daimler-Benz are ready to support this development.

And now, at the beginning of a new decade full of hopes and chances, let us all have the strength to meet the challenges and responsibilities of freedom.

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THE NOREIGA AFFAIR: PANAMANIANS CELEBRATE AS US SEES FINAL JUSTIFICATION FOR INVASION

Happy end to Panama panto

By Tim Coone in Panama

IN THE glare of car headlights, a US soldier in full combat uniform, his helmet hanging on his wrist, runs down a main street of Panama City, waving aloft a large US flag.

Panamanians cheer him. Car drivers sound their hooters. From balconies people bang pots and pans. Other US soldiers are kissed by Panamanian girls. The last act of Panama's 30-months' political crisis has come to an end.

General Manuel Antonio Noriega, the country's military strongman, surrendered on Wednesday night to US troops surrounding his last refuge, the Vatican Embassy in Panama City. He was immediately whisked away to Howard Air Force Base where he was bundled aboard a waiting US military aircraft which flew him to the US.

Overnight, a new fashion has appeared: young Panamanian men and women wear streaks of camouflage war paint on their faces, mimicking the style of the US troops. Pro-invasion T-shirts are being sold in dozens. One bears the slogan "I survived Operation Just Cause" – an unintentionally macabre comment on the heavy civilian casualties of the invasion. In Panama it is once again business as usual.

Near Gen Noriega's former headquarters the stench of dead bodies and burned buildings hangs in the air. US Army bulldozers have begun clearing away the rubble of hundreds of homes destroyed in the invasion. New apartments have been promised for the neighbourhood's 18,000 refugees. The task of reconstruction has begun.

Panamanians are already feeling disappointment however in the cautious approach being taken by senior US officials now in Panama to assess the country's aid requirements. Mr Lawrence Eagleburger, the US Deputy Secretary of State, told reporters in Panama a few hours before Gen Noriega's surrender that no figures had been discussed with the new government of President Guilliano Endarra.

"We are in a listening mode," he said. He ventured only to say the US planned to be "actively engaged as the new government shifts priorities to the development of the private sector".

When asked if he recognised any US responsibility for the post-invasion looting damage in Panama and whether any compensation had been discussed with the new government, he answered brusquely: "I do not accept the point of the first question and therefore have no reason to discuss the second."

A Panamanian Chamber of Commerce estimate puts the looting damage and losses at $2bn.

The main criticism now being levelled at the US Government is over the failure of US troops to deploy rapidly in Panama in a law-and-order role after the invasion. Looters rampaged through the city unchecked for several days.

One message which has been emphatically put to President Endarra's Government is that co-operation with President George Bush's war on drugs is now being expected. "Narcotics control will be a critical issue in our relations," said Mr Eagleburger.

Talks were also held on the future of Panama's offshore banking centre and there is little doubt that the two issues are linked. Panama's banking secrecy laws may now face modification to enable US authorities to trace drug dealers and drug money launderers operating through Panama.

It remains unclear whether any deal was struck to secure Gen Noriega's surrender, who had taken advantage of the Vatican Embassy's diplomatic immunity to avoid capture by US troops. General Maxwell Thurman, the head of US forces in Panama, said on Wednesday night: "No deal was done here."

According to Vatican Embassy sources, Gen Noriega apparently wanted assurances that he would not face the death penalty and would receive a fair trial. He also requested that a US general accept his surrender. These conditions were apparently acceded to.

On Wednesday afternoon, a demonstration of more than 10,000 people gathered outside the Vatican Embassy calling for Gen Noriega's surrender or seizure.

Questions remain regarding the constitutionality of the US move to take Gen Noriega directly to the US, bypassing the Panamanian authorities. Besides the drug trafficking and racketeering charges he faces in the US, he also faces murder charges in Panama. President Endarra's Government however was reluctant to take charge of the deposed military leader.

Such constitutional questions, and the act of the invasion itself which violated the 1977 Panama Canal Treaty, are liable to create future diplomatic tensions between the US and other Latin American countries.

Exuberant Panamanian exiles waiting outside the gates of Homestead airbase in Florida to jeer the arrival of Gen Noriega

Noriega surrender caps US success in Panama

By Peter Riddell, US Editor, in Washington

ALL THE US objectives in militarily intervening in Panama on December 20 have now been achieved with the surrender of General Manuel Noriega to American authorities, President George Bush claimed in his televised statement late on Wednesday evening.

So they have been in the limited sense of the aims Mr Bush set two weeks ago of safeguarding the lives of American citizens, helping to restore democracy, protecting the integrity of the Panama Canal treaties and bringing Gen Noriega to justice.

Amid the sense of elation and triumph in Washington yesterday Mr Dick Cheney, the Defence Secretary, was able to promise that within the next few days there would be a precise timetable for bringing home the rest of the 13,000 troops sent to Panama, of whom 2,000 have so far returned to the US. This is in addition to the 12,500 permanently stationed there to protect the canal.

So victory has been declared and the boys are coming home. But there are longer-term political questions which cannot be so neatly resolved – about the trial of General Noriega, about the prospects for the Endara regime, about relations with the rest of Latin America and about the broader impact of such military action on the US's standing.

None the less, in the short-term, and domestically, the operation is a considerable success for Mr Bush. He has been seen to have acted decisively, disposing of the "wimp" slur he faced as a presidential

Bush: considerable success

candidate two years ago. Gen Noriega has been ousted and, eventually, captured, for all the legal doubts about his transfer to the US and the questions of extra-territoriality.

The military operation, despite some mistakes, went more smoothly than other recent US actions such as the Grenada invasion in 1983. And the cost – in American, if not Panamanian, lives – is not seen as excessive with 23 US servicemen dead and 300 injured.

There are a number of US critics of the intervention but they remain in a minority. The polls suggest that Panama now is definitely a plus for Mr Bush. Consequently, American public opinion is apparently ready to back the Bush administration in brushing aside the at times heavy-handed tactics of US troops in Panama.

The operation resulted in the deaths of around 700 Panamanian troops and civilians and the wounding of more than 2,000, with more than 13,000 people displaced from their homes.

Moreover, there have been a series of incidents, notably the forceable search of the Nicaraguan Ambassador's residence in Panama City, as well as regular examinations of the Cuban Ambassador's car, which not only violate US laws protecting embassies but also international law on diplomatic relations.

Mr Bush's apology for the Nicaraguan affair was half-hearted – describing it as "a screw-up" – though few tears have been shed in the US where the Sandanista regime is unpopular. But, apart from the direct impact in further worsening relations with Managua before February's elections, the incident sets tricky precedents in view of the vulnerability of US missions overseas.

In Panama itself, the actions of the US troops underline how it is they, rather than the Endara Government, who have been in effective charge.

There has so far been little lessening in the public hostility of other Latin American countries to the US action. Only El Salvador and Dominica sided with the US in the key United Nations voted, with just Honduras and Costa Rica abstaining. Still, with Noriega out of the way, criticism may subside as the urgency of economic and political support from the US reasserts itself. Peru has already changed tack and said it may send someone to the Colombian drug summit in mid-February.

Risk factor looms large in trial of general

By Lionel Barber in Washington

DESPITE the euphoria surrounding the arrest of Gen Noriega, there are obvious risks in bringing the ousted Panamanian despot to stand trial in the US.

These risks apply to President Bush, who dealt with the general while CIA director and Vice-President under Mr Ronald Reagan; but they also extend to the Drug Enforcement Administration and the Central Intelligence Agency who used the wily general as an informant for at least 15 years.

The Federal indictments in Miami and Tampa, Florida, accuse Gen Noriega in effect of renting out Panama to Colombia's Medellin cocaine cartel for smuggling drugs, laundering money and harbouring fugitives. Gen Noriega was able to commit such crimes because he was Panama's de facto ruler. In the early 1980s, when he consolidated power, the US turned a blind eye because he cast himself as a right-wing bulwark against Cuba and a friend of the Contra rebels in Nicaragua.

It was only in 1985 that Washington put its foot down. The relationship ruptured over the general's involvement in drug trafficking, but also complaints that he was serving Cuba and Nicaragua in a three-way intelligence game. Yet despite these doubts, the DEA continued to use General Noriega, commending him on several occasions for helping to fight the "war on drugs". He was, it seems, simply too good an informant to drop.

Gen Noriega's defence team will make much of this symbiotic relationship. Attorneys can also be expected to tie up any prosecution case with requests for classified CIA material (which is why most forecasts suggest the case could take 12 to 18 months to come to trial).

Such manoeuvering can be a significant threat to the prosecution, as shown by the mixed Federal success in securing convictions against Lt Col Oliver North in the 1986 Iran-Contra scandal.

In the trial, Col North argued that President Reagan approved of his actions to funnel weapons secretly to the Contra rebels in Nicaragua. When his requests for classified material were turned down by the US Justice Department, the presiding judge ruled that Col North's defence was unduly hampered and dismissed key charges.

Similar concerns have led to charges being dropped against Rear Admiral John Poindexter, the other prominent Iran-Contra defendent, who is still waiting to stand trial (and who might have some interesting material to offer about the US relationship with Noriega).

Addressing potential embarrassments yesterday, Mr Richard Thornburgh, US Attorney General, said the authorities had reviewed their case and concluded that "nothing has come to our attention that will cause difficulties". But he noted that under the law he had discretion to turn down requests for sensitive material.

The Miami indictment alleges that Gen Noriega engaged in a broad-ranging drug-trafficking conspiracy between 1981-86, along with 15 other defendents including a member of the Medellin Cartel. It alleges that he exploited his position as intelligence chief by offering safe haven to drug traffickers in return for more than $4.6m in pay-offs.

The Tampa indictment charges that Gen Noriega and two other associates received more than $1m in bribes from marijuana smugglers who used Panama as a trans-shipment base and laundered millions of dollars in profits through Panamanian banks between 1983-4.

The next question is the strength of the Federal indictments against Gen Noriega.

Although the full case has yet to go public, it is clear that the charges rely heavily on the testimony of accused drug smugglers. As Mr Richard Gregorie, former US Attorney in Florida who until recently led the prosecution, said: "This is to be expected when you're dealing with a case involving narcotics traffickers."

Some of the smugglers gave testimony in 1988 before the Senate foreign relations committee. Others such as Mr José Blandon, a former political adviser to Gen Noriega, have given vivid accounts of the general's dealings. These include the 1984 seizure of a cocaine laboratory in Darien Province by Panamanian Defence Forces which in turn led to an assassination threat against the general by the Medellin cartel. The dispute was allegedly settled by President Fidel Castro in a meeting with Gen Noriega in Havana.

Perhaps the key witness is Gen Noriega's former personal pilot, Mr Floyd Carlton, who was arrested in the US and began testifying against him in 1987. There are reports that Mr Carlton was serving as an undercover DEA agent even while acting as the general's pilot - which as one TV commentator mused yesterday might have allowed the US to bag their man without the bother of sending 24,500 troops to collect him in Panama.

Suggestions that US troops discovered documents incriminating Gen Noriega seem wide of the mark. Officials say there is "no smoking gun". Moreover, as the defence team argued last week, such evidence may be inadmissable under the Fourth Amendment which upholds individuals' rights against unreasonable search and seizure.

The larger question perhaps is the prospect of Gen Noriega having a fair trial in the US. Publicity has poured out in torrents ever since the 1988 presidential campaign, when the Democrats tried to link Mr Bush to Gen Noriega and paint him as soft on drugs.

Mr Bush escaped, mainly by coming out publicly against a State Department deal – said to have been supported by President Reagan – to drop the drug indictments against the general in return for him leaving power and seeking asylum in a third country. Since then Mr Bush has described Gen Noriega as a "drug dealing dictator" and various other epithets which suggest he, at least, has made up his mind about the Panamanian's guilt.

Finding an unbiased jury will, as Mr Thornburgh, conceded be "quite a challenge". It took weeks in the Iran-Contra trial, but eventually the Feds dug up 12 men or women who had either never heard of Col Oliver North or who never watched the TV news. But then Iran-Contra was an undercover operation, not a US invasion; and the trial was held in Washington DC.

Miami hype greets the general

By Henry Hamman in Miami

TWO LIGHT aircraft circled Miami's federal courthouse yesterday, each trailing a banner. One read "Bye Bye, Tony" the other "Rent this ad when Fidel falls".

That is how Miami greeted Gen Noriega on his first day as a US prisoner. How are the mighty fallen.

The general was being held in a cell inside the courthouse, where he was to be brought before federal district judge William Hoevler for a preliminary hearing on drug charges.

But there was little sign – other than the planes and a crowd of journalists – that the Panama drama had moved to Miami. From being the star attraction in Panama City, first as the country's military strongman, then as a fugitive, holed up in his temporary refuge in the Papal nunciate, Gen Noriega has now become an actor in someone else's drama – at least until he takes the witness stand.

His new home lacks the rings of troops, trucks and barbed wire which surrounded the Vatican embassy. The officer in charge of the Miami Police Department's three-person contingent outside the courthouse, Sgt Harold Goodman, said he had few worries about security. "The biggest problem," he said, "is the media." There was little news being made in the hours before the hearing, so when a few Panamanian exiles showed up they were besieged by the scores of journalists.

General 'stashed away $300m illicit fortune'

By Roderick Oram in New York and Richard Donkin in London

SUPPLEMENTING his modest soldier's salary by moonlighting for the US Government and the Medellin cocaine cartel, General Manuel Noriega became a very wealthy man.

US authorities believe he may have stashed away in banks around the world a fortune of $200m-$300m.

Little is known yet by US agencies about where most of the money is but they have traced more than $10m to banks in Europe. They allege he earned it laundering money and other services for drug traffickers.

Washington believes more details will surface in coming months on four fronts: Noriega-linked bank accounts in the UK, Switzerland, France and Luxembourg, which it asked to be frozen last week; papers US soldiers seized from his headquarters during their invasion of Panama; the trials on drug related charges he will now face in Florida; and the trial of Mr Amjad Awan, a former banker to Noriega, which begins on January 16 in Tampa, Florida. Mr Awan and other former employees of Luxembourg-based Bank Credit and Commerce International (BCCI) face charges of drugs money laundering.

While Washington will delight in making public information about Gen Noriega's alleged earnings from drug dealers, it is unlikely to publicise his alleged earnings from a much longer-term employer – the US Government.

Gen Noriega was recruited by the Central Intelligence Agency in the late 1960s when he was a junior officer. As he rose in the Panamanian ranks, he became more useful to the US. His reward was a CIA stipend which grew to $200,000 a year, New Yorker magazine reported this week.

The US found him useful for many reasons including his support for the Nicaraguan Contras and willingness to further covertly US goals in the region. His relationship with the US continued until recent years, including a final meeting with then Vice President George Bush in 1983, the magazine reported.

Gen Noriega allegedly had already begun earning money from the Medellin cartel when he last met Mr Bush. It was to turn into a huge income, according to testimony in 1988 to the US Senate's Terrorism and Narcotics subcommittee and to grand juries in Tampa and Miami.

One of the key congressional witnesses was Mr Awan who was head of the Panama branch of BCCI. He said he had sought the banking business of the Panamanian Defence Forces through cultivating links with Gen Noriega.

Mr Awan said Gen Noriega first brought his business to the bank in 1982 when he was head of Panama's intelligence service. The account, solely operated by the general, was opened with cash deposits and swelled to between $20m and $25m at one time, according to Mr Awan.

Argentine banks reopen to emergency reforms

ARGENTINE banks and exchange rate dealers will open today for the first time in six days after the Government ordered drastic monetary reforms to reduce the amount of australs in circulation, Reuter reports from Buenos Aires.

The stock exchange will remain closed until Tuesday due to the monetary restrictions, a communiqué issued by the bourse said.

Market dealers expect the austral to firm in the short term and interest rates to fall, following Mr Antonio Erman Gonzalez's, the Economy Minister, announcement on Monday that the Government will give depositors long-term dollar-denominated bonds in return for their short-term time deposits.

Mr Gonzalez said his emergency proposals to brake a hyperinflationary snowball was intended to reduce the amount of australs in circulation in order to strengthen the currency.

The austral closed at 1,940 against the US dollar last Thursday in highly anxious markets, while banks offered monthly interest rates of up to 300 per cent for short-term time deposits.

At a news conference at Government House ealrier this week, Mr Gonzalez refused to forecast the interest rate level banks would be offering.

Mr Gonzalez predicted the dollar-denominated bonds that investors will receive in exchange for their cash deposits would soon rise in value on the secondary markets.

"We suggest investors don't rush to rid themselves of these bonds because they will soon have an interesting value," he said.

"The principal aim of the reform. . . is to defend the austral, which is every Argentine's duty, is our soverignty, and represents every Argentine's work." Mr Rodolfo Rossi, the President of the Argentine Central Bank, told the news conference.

Six days without banking services has left Argentina's consumers and businesses starved for cash, a situation the government hoped would force people to sell their dollar holdings in order to push up the austral.

The austral dropped 47 per cent against the dollar in December due to falling market and public confidence in the Government's ability to close the public sector deficit, which traditionally has been financed through inflationary measures.

Christmas sales boom for US retailers

By Karen Zagor in New York

CHRISTMAS proved better than expected for a number of US retailers, in spite of fears that an unusually high level of pre-Christmas promotional activity would cut into profit margins.

Real sales growth for the sector rose 3½ per cent, according to Mr Walter Loeb, a principal at Morgan Stanley in New York. Mr Loeb had expected growth of no more than 2 per cent.

A number of big department stores, including J.C. Penney, Woolworth and Dayton Hudson, did better than most analysts had expected. Although there was not a dramatic increase in consumer spending, retailers had planned conservatively for the season and expectations were low, said Mr Jack Seibold, a retail analyst at Solomon Brothers in New York.

J.C. Penney, the third biggest US retailer, saw sales improve 9.7 per cent to $2.7bn (£1.7bn) in the last five weeks of the year. Woolworth's five-week sales were up 11.2 per cent to $879m and Dayton Hudson's sales gained 15.1 per cent to $2.41bn.

According to Mr Seibold, the impact of promotional sales did the most damage in the New York city area, where big department stores had to compete with a liquidation sale at B. Altman, and with heavy price cuts at troubled Campeau Corp's Federated and Allied stores, including Bloomingdale's.

"One of the most interesting aspects of this season is that the promotions didn't have a meaningful impact on retailers in the rest of the country," he said.

This view was supported by Mr Kenneth Macke, chairman and chief executive of the Minneapolis-based Dayton Hudson group: "Our business was slightly less promotional than last year," he said. "We finished the month with our inventories clean."

Sales at The Gap, one of the strongest speciality retail chains, jumped 22 per cent to $286m in the five-week period. The company said promotional activity in December had less of an impact on merchandise margins than in the previous month.

The jury is still out, however, on how the sector will fare in 1990. Mr Seibold expects to see modest growth this year, with continuing weakness in durable goods likely to make the first half softer than the second.

Meanwhile Campeau has yet to find a buyer for Bloomingdale's, and the company said yesterday it was negotiating to sell its interests in five US shopping malls.

Rapid demise for the 'miracle' cholesterol fighter

By Roderick Oram in New York

PERHAPS it was the effect of President George Bush, or perhaps it was just adverse consumer reaction. But psyllium, an Asian grain and the latest rival to oat bran as a miracle cholesterol fighter, has had a rapid demise.

General Mills, a leading food group, confirmed yesterday it has withdrawn its Benefit cereal containing husks of psyllium after poor demand in test marketing. One factor for the weak demand, analysts believe, was publicity about a government inquiry into the effect of psyllium in food.

Psyllium's capitulation came only days after oat bran won a ringing endorsement from President Bush. He was spotted on New Year's Day in a Houston hotel restaurant crumbling a Butterfinger candy bar over his bowl of oat bran cereal.

"Oh, nobody will notice," he said when another customer commented on his clever combination of a cholesterol-rich chocolate bar with cholesterol-fighting oat bran. The new Bush dish ranked with his pork rinds and Tabasco sauce revealed during the 1988 election campaign. General Mills had launched Benefit early last year in some 13 states. Food industry experts said it gained only 0.5 per cent of the market, well below a level justifying its continuation.

Kelloggs, which recently launched its own psyllium cereal, Heartwise, said it was too early to judge the product's success and had no plans to withdraw it.

Both companies have made health claims for the cereals which critics charged were edging towards the type of promotion normally associated with drugs.

E Europe contacts with IMF grow

By Peter Riddell

THE International Monetary Fund has had contacts with almost every East European country about possible membership or support programmes. The list covers every country except Albania and is in addition to the recently agreed standby credit for Poland and current discussions with Hungary.

A senior official said yesterday that the IMF was awaiting a formal application from the new Czechoslovak Government to revive its membership, which ceased in 1954. The IMF was prepared to act "as soon as possible" on an application given the "tremendous economic difficulties" there.

The official said that Bulgaria had "expressed interest" in IMF membership and there had been a few contacts with East Germany, "friendly conversations, no more."

Romania has been a member of the IMF for more than 20 years, even though finance ministers of the previous Ceausescu regime were highly critical of the fund's policies at its annual meetings, notably on conditions imposed in structural adjustment programmes.

An IMF team was due in Bucharest shortly for the yearly consultations on Romania's economic policies. It will now discuss the country's serious economic problems.

The IMF executive board will shortly give formal approval to a $710m standby credit for Poland, and the official said yesterday that a follow-on loan would make sense in the second half of this year if the Polish authorities were taking strong and decisive measures.

Such a three-year lending programme might total $2bn, according to some estimates. Resources committed by the IMF, Western governments and other lenders should be "adequate" to cover Poland's expected $3bn current account deficit during 1990.

The IMF is also involved in intensive negotiations with Hungary which are "well advanced and are hoped to be concluded soon, though there are still some difficulties".

The IMF will apply the same principles to Eastern Europe as to the rest of the world, including eligibility for relief under the Brady Plan on debt reduction, though the fund would also like to see help from Eastern bloc creditors.

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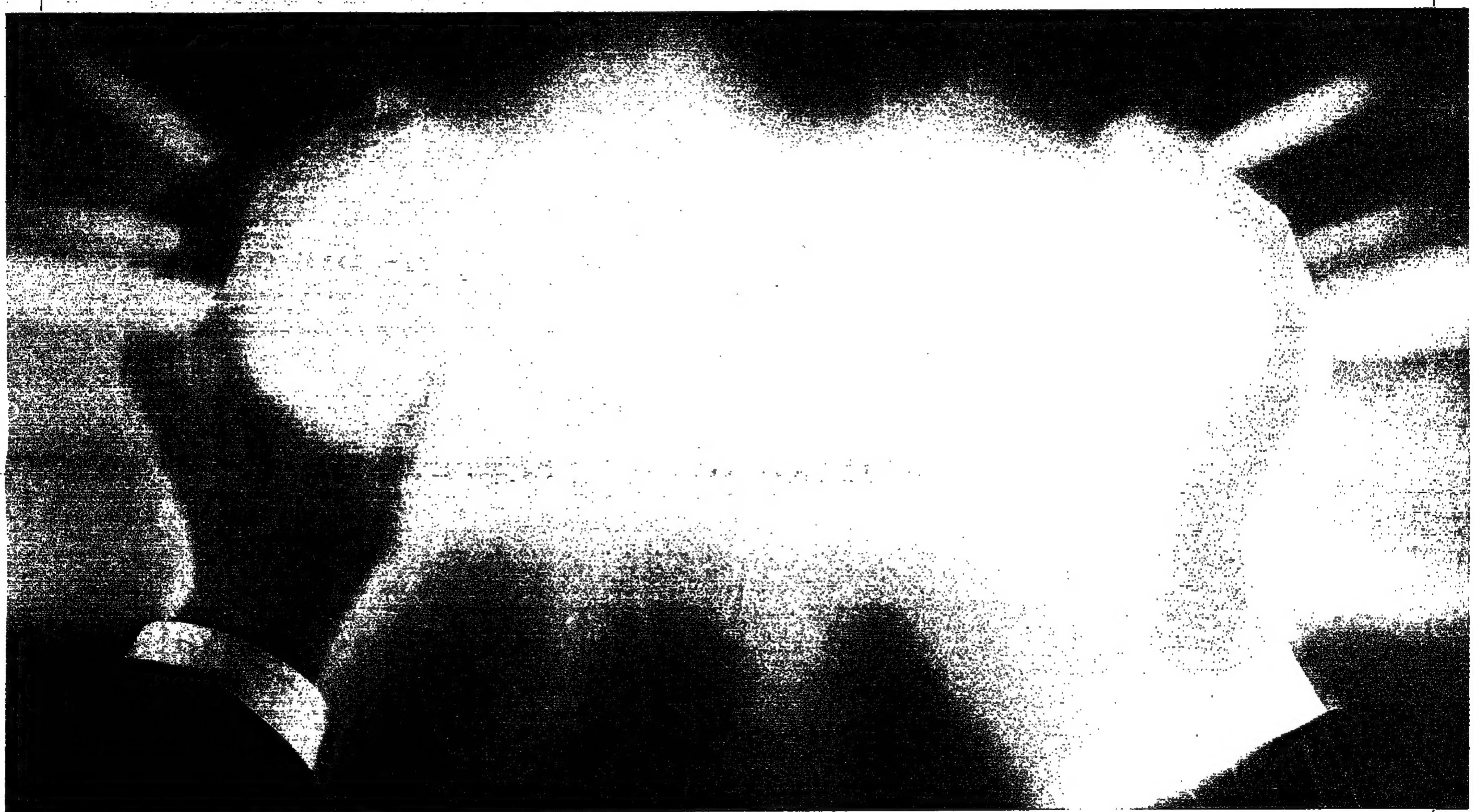

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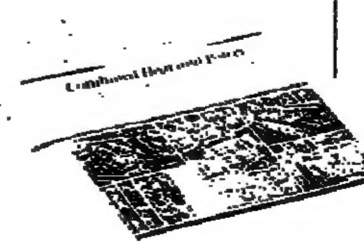

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THE AMBULANCE DISPUTE

Unions call for mass protest to back pay claim

By Fiona Thompson and Lisa Wood

LEADERS of the ambulance workers are to seek mass public support for their pay claim by urging millions of people to stop work for 15 minutes across Britain.

The call was made by leaders of the five unions after talks in London aimed at stepping up action in their four-month-old pay dispute.

For the first time, they discussed the possibility of an all-out strike - but rejected the idea.

Meanwhile a survey by the Financial Times showed that chief ambulance officers, responsible for managing the service, overwhelmingly support the principle of a pay formula or pay review body for ambulance workers. Their support is in sharp opposition to the Government's stated position during the current long-running ambulance workers' pay dispute.

In the FT survey forty of the 45 chief or deputy chief ambulance officers in England said they thought some form of pay mechanism should be put in place in a bid to avoid a repetition of this year's dispute.

Many chief officers stressed their dismay at Mr Kenneth Clarke, Health Secretary, saying they were not an emergency service.

They argued that by his frequent references to ambulance workers as being either highly trained paramedics or basic taxi drivers, he excluded the vast bulk of fully qualified ambulance staff who regularly handled accident and emergency calls.

Mr Roger Poole, chief trade union negotiator, said that the unions wanted to maximise public support by asking every man and woman to stop what they are doing for a quarter of an hour from noon on January 30. "We want ministers to be left in no doubt about the massive amount of public support we have."

Mr Poole said he had held out an olive branch to Mr Clarke in a letter saying the unions were willing to enter "realistic negotiations." This could mean ambulance workers accepting less than their 11.4 per cent claim.

EC allocates £955m in single market aid

By Hazel Duffy

BRITAIN'S regions have been allocated nearly Ecu 1.3bn (£955m) by the European Commission over the next two years to help them overcome structural and employment difficulties in the run up to 1992.

North west England has been allocated 21.5 per cent of the total, closely followed by the western half of Scotland.

The Commission adopted the support frameworks proposed by European Community governments for regions hit by declining industries – the so-called Objective 2 regions – before Christmas.

The agreements between the Commission and member governments reflected a compromise on the type of projects the Commission wants to fund, and those governments want Brussels to fund.

Britain was keen that roads be high on the Brussels list of funding priorities. Mr Bruce Millan, EC Commissioner for regional affairs, wants to use the Commission's regional development fund to help new business premises backed by money from the Brussels fund for training and employment.

Support for research and development is another Millan priority, which will be directed at overcoming the weak technological base in the old industrial regions such as the north eastern England, Wales, Pas de Calais and Lorraine in France.

Where the Commission has agreed that new roads will qualify for Brussels support it has limited its contribution to 25 per cent of the cost. Other projects will get 50 per cent backing from Brussels.

Britain has been allocated 40 per cent of Objective 2 funding, about the same as for France and Spain combined.

Government launches poll tax campaign

By Richard Evans

A £4M MEDIA campaign was launched by the Government yesterday to track down the 9m to 10m adults in England and Wales who will need help in paying their community charge, or poll tax.

Around 5m, or half, could be entitled to the full rebate of 80 per cent, Mr David Hunt, local government minister, estimated at a London press conference to launch the campaign, which will run until the first week in February.

"Everyone should pay something towards the cost of local government, but this should be related to what people on lower incomes can afford," Mr Hunt said.

The "no-nonsense, easy to understand" campaign would help make sure people knew how to claim community charge benefit.

The purpose of the campaign, which will include four television advertisements, and press advertisements with a coupon for requesting claim forms, is to ensure maximum take-up among those eligible for help.

Claims will be allowed up to 56 days after people receive their bills when the tax replaces domestic rates on April 1.

The full rebate scheme could cost the Exchequer up to £3bn based on the assumption that 85 per cent of those entitled to actually claim benefit.

Mr Hunt refused to accept that, based on these estimates, around 750,000 people would be unable to pay and could therefore face fines or imprisonment.

Two types of help will be available. The first is community charge benefit for people on low incomes, including all those on income support and most of those receiving housing benefit. This will be available every year.

The second, announced as a concession in the autumn, is special help called transitional relief which will be available mainly to people whose community charge from April is much higher than their rate bills in 1989-90. Extra help will also be available for some elderly and disabled people.

Buy-outs warning to UK local authorities

By Charles Batchelor

LOCAL authorities which privatise services by means of management buy-outs must make sure that managers do not benefit at the ratepayers' expense, the Audit Commission warned.

The introduction of compulsory competitive tendering for a wide range of local authority services under the 1988 Local Government Act has provided a spur for increased buy-out activity, the commission, which monitors local authority spending, noted.

Councils have sold services to a total of 11 buy-out companies since the first deals were completed in April 1988. Buy-outs have ranged from West Wiltshire District Council's legal services department employing eight people to Westminster City Council's refuse and street cleaning department with more than 800 staff.

Howard Davies, Controller of the commission, said: "Local authorities must be sure that the ratepayers' interests are paramount when they become involved in management buy-outs. They must secure a fair price for assets sold and pay no more than a fair price for subsequent services provided. They should certainly not view the buy-out route as a way of avoiding competition."

A 12-page report published by the commission sets down guidelines for the authorities. It identifies a number of pitfalls and recommends that authorities consult their auditors on potential conflicts of interest.

It warns that members of a buy-out team may be involved in contract specification and tender evaluation while at the same time they are potential bidders for the authority's contracts.

IN BRIEF

British Sugar plans £300m pulp mill using straw

A PLANNING application was filed yesterday for a project to build a £300m pulp mill which would use straw as its raw material. If it goes ahead 850 jobs would be created.

The mill would be built by British Sugar, the sugar processing subsidiary of Berisford International, the commodity group, on a site in eastern England between Grimsby and Immingham.

British Sugar has been studying the project for more than two years and now expects to make a final decision on whether to go ahead this year. It will depend on obtaining some finance from the Government.

East European links

MR Eric Hammond, general secretary of the EETPU electricians' union, yesterday accused leaders of the TUC and its affiliated unions of "junketing with a crowd of bandits" in former links with official unions in Eastern Europe.

Mr Hammond said that some union leaders must "hope that some files in Eastern Europe remain closed" when the leaders of the official communist unions "have to account for their deeds and some for their personal wealth."

Finnish takeover

ELIZABETH Shaw, UK confectioner, has been acquired by Huhtamaki, a Finnish food group, it was announced.

The mint crisps and liqueur chocolate maker, with two plants in southern England , will now form the UK division of Leaf, Huhtamaki's Amsterdam-based international confectionery wing. The Finnish group, which took a 30 per cent stake in Elizabeth Shaw when it supported a £24m management buy-out from Hanson acquired the remaining 70 per cent shareholding after three weeks' negotiations.

End to labour laws

MR Michael Howard, the new Employment Secretary, signalled that he expected current legislation to end the closed shop and to ban wildcat strikes to mark the end of the Government's 10-year programme of reform of employment law.

Footwear exports

THERE are signs that the beleaguered footwear industry may be beginning to recover from the recession which has caused thousands of job losses in the past year or so. The latest statistics from the British Footwear Manufacturers Federation show that - although the condition of the industry is still fragile - imports are falling, exports are rising and order books are healthier.

£100 cheque card

BARCLAYS Bank is to start issuing £100 cheque guarantee cards next Monday. But they will only be issued to customers who apply, subject to managers' discretion. The card will come in the form of a new Connect debit card. The existing Barclaycard will remain a cheque guarantee card with a £50 limit.

Belgian investment

VANDEMOORTELE of Belgium is to establish a multi-million pound factory in the UK to make pastry products for the bakery and catering markets. A site in the Midlands is under consideration.

LPG precautions

PROSECUTIONS of companies which fail to meet safety regulations for transporting liquid petroleum gas (LPG) cylinders are to be stepped up, the Health and Safety Executive said.

Knitwear jobs lost

MORE than 140 jobs were lost in the troubled knitwear industrywhen Hicking Pentecost, one of the largerNottingham-based textile companies, announced a round ofredundancies.

CORRECTION

UK Economic Forecasts: A transposition of figures in the table, Forecasts for the UK Economy, published in the FT of January 3, resulted in a misrepresentation of part of the UK Treasury forecast for this year.

The table should have shown a -£15bn current account balance of payments forecast for 1990; a -£10bn public sector borrowing requirement for 1990-91; export volume growth of 6.25 per cent for 1990; import volume growth of 1.25 per cent for 1990 and no forecast for unemployment.

The table also gave the Goldman Sachs' forecasts for average increases in retail price inflation in 1990 and 1991. Goldman Sachs' January forecasts for retail price inflation in the year to the fourth quarter are 5.4 per cent in 1990 and 4.6 per cent in 1991. The average of City RPI forecasts becomes 5.3 per cent for 1990 and 4.7 per cent for 1991.

Racing industry buoyed by world success

By John Griffiths

FURTHER sharp increases are expected this year in the turnover of the UK's motor racing industry, which supplies most of the world's single-seater racing cars and is the only sector of the UK motor industry running a substantial balance of trade surplus.

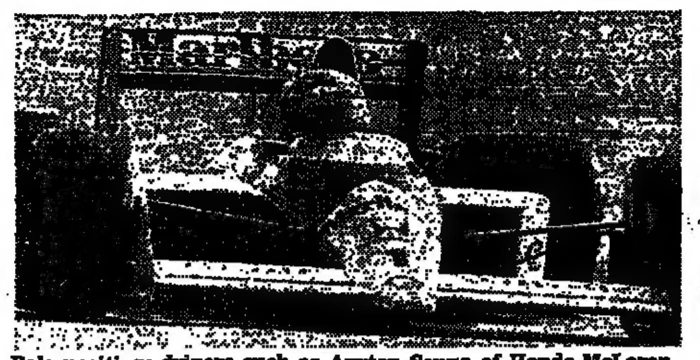
Predictions of further growth for a sector whose total revenues are estimated at up to £350m a year – generated mostly from overseas – were being widely aired as the Racing Car Show opened to the public at London's Olympia yesterday.

The predictions are based on a number of factors:

● A world-wide upsurge of interest in motor sport, fuelled largely by the emergence of grand prix racing as a 'world' sport and new televisual techniques – particularly 'on-board' cameras – for covering it. Many of the leading grand prix teams, including world champions Honda-McLaren, are British-based;

● The rapidly developing confrontation between Japanese and Western vehicle makers, which is forcing more manufacturers into motor sport as a marketing and promotional exercise – and who are choosing the UK as their operational base;

● A further consolidation of the strong hold UK motor sport companies already have on the development and production of purpose-built racing cars for mainstream vehicle manufacturers seeking to boost their images in the all-important North American new car market.



Pole position: drivers such as Ayrton Senna of Honda-McLaren, pictured above, have enjoyed world success with UK based teams

Statistics released at the exhibition by the Association of Competition Car Manufacturers show that £75m was earned from the manufacture of racing cars last year, with 67 per cent of output being exported to a total of 80 countries.

Within this total, however, much higher exports are being achieved in percentage terms by companies such as Lola (85 per cent) and March Engineering (75 per cent), which between them have dominated the North American equivalent of grand prix, Indy car racing, for much of the 1980s. March, for example, is buildings both Porsche's and Alfa Romeo's Indy cars this year.

"The growth in both programmes over 1989, plus healthy orders in all other areas of the business will fill the company's capacity both at our Bicester headquarters and a completely new facility at Colnebrook, near Heathrow", said March's managing director, Mr David Reeves.

The American Penske racing organisation, virtually a household name in North America, has moved its operating base to Dorset. Even the bodies for Mercedes' world sports car championship-winning cars are being produced in the UK, before being shipped to West Germany for further work.

Reynard, also based in Bicester, north of Oxford, is already the world's largest single constructor in terms of units per year, but expects further to improve on its current level of 240-250 cars a year.

"The UK has become the silicon valley of motor sport," according to Mr Jonathan Ashman, marketing director of the RAC Motor Sports Association, the governing body of motor sport in the UK.

● World sales of Rolls-Royce and Bentley cars rose by 16 per cent last year to 3,242 – their highest level for 13 years.

Rolls-Royce Motor Cars, a subsidiary of the Vickers engineering group, was also alone among European luxury car makers in increasing its sales in North America.

Its total sales of 1,274 Rolls-Royces and Bentleys in what remains the world's single most valuable luxury car market represented an increase of 3 per cent and was also a 13-year high.

The North American performance was particularly satisfying to Rolls, since it came at a time when other European producers have been experiencing a sharp fall-off in sales and are facing stiff new competition from the recently launched Toyota Lexus and Nissan Infiniti luxury car ranges.

Study predicts bleak future for the elderly

By Alan Pike, Social Affairs Correspondent

ELDERLY PEOPLE in Britain are likely to turn into Europe's poor relations during the 1990s, a study of the "grey economy" suggests today.

The report, by Prof Nick Bosanquet, professor of health policy at London University, says the years after 1992 are likely to be a period of increasing disadvantage for the elderly, both in relation to younger people in Britain and in relation to other Europeans.

According to the research, the elderly in Britain enjoy a smaller share of national income than old people in other European countries.

During the 1980s, households in the 65-74 age group had 76 per cent of average income, compared with 93 per cent across eight other OECD countries. For people over 75 the UK figure fell to 67 per cent compared with an OECD average of 80 per cent.

During the 1970s and 1980s the proportion of relatively well-off elderly people in Britain rose from 10 to 20 per cent of the total elderly age group. But the research shows this 20 per cent compares with more than 50 per cent of elderly people in the well-off category in West Germany.

The report does not expect the proportion of well-off elderly households in Britain to become more predominant until the first two decades of the next century, when the retirement of the post-war baby-boom generation will transform the economic position of the elderly.

Until then, the majority of elderly households will be divided between those of middle income – often property rich but income poor – and those mainly dependent on state benefits.

The report concludes the greying of Britain's population will not offer large and expanding markets for standard products during the 1990s. But there will be opportunities for niche markets to develop, like those related to sheltered housing and long-term care.

Elderly Consumers in Britain: Europe's Poor Relations? 1 Perren Street London NW5 3ED £190

Clash expected over civil service code

By John Gapper, Labour Editor

THE ruling Conservative Government is facing a public clash with its senior civil servants, public service administrators, over a new code of conduct which implies they may be dismissed for disclosing any information that a minister wants them to keep secret.

The First Division Association, the union representing 12,000 senior civil servants, has refused to accept the new code. The union says the code wrongly identifies the interests of the country with those of the Government.

The union, whose members include permanent secretaries in Whitehall departments, argues that the code could prevent civil servants giving evidence to House of Commons select committees from being completely honest.

The union has now been told by the Cabinet Office that it shortly intends to publish the code, which says that duties of confidentiality and loyal service to the Crown are "for practical purposes owed to the Government of the day."

Ms Elizabeth Symons, FDA general secretary, said yesterday that FDA members accepted a duty of confidentiality in nearly all circumstances. But they believed it was wrong to identify the public interest completely with that of the Government.

"We know that we have a duty of confidentiality and loyalty, but we owe the absolute duty to the Crown and Parliament, not to ministers, who have been known to be less than perfect occasionally," she said.

The union is now seeking a meeting with Sir Robin Butler, head of the civil service, to discuss the code. The Cabinet Office argues that the code will not impose any higher obligations of confidentiality than those already existing.

Among the FDA's members is Sir Peter Gregson, permanent secretary at the Department of Trade and Industry, who in November gave evidence to the House of Commons public accounts committee on the sale of the Rover Group to British Aerospace.

Timeshare rogues face tough new restrictions

By David Churchill, Leisure Industries Correspondent

TOUGH new curbs on rogue timeshare operators are being considered by the Office of Fair Trading in a report due to be completed shortly into the problems faced by many consumers who buy timeshare properties in the UK and overseas.

Officials from the OFT are preparing their recommendations, which are likely to include a statutory "cooling off" period for people buying timeshares, at the same time as the timeshare industry is coming under renewed criticism both from within its own ranks and from consumer groups.

The Consumers' Association, publishers of Holiday Which? magazine, yesterday launched its strongest criticisms yet of the business of selling time share properties.

"Our investigations show that the industry still uses unacceptable techniques of selling, persuasion – and worse," it says in the latest issue of its magazine.

It reports that Ms Angela Willis, director of the Independent Association of Timeshare Owners, was forced to resign last month because of alleged death-threats after criticisms she made about some timeshare operators.

Barratt International Resorts, the timeshare developing subsidiary of the Barratt building group, yesterday pulled out of the Timeshare Developers' Association, the main trade body for the timeshare industry.

"We believe we can provide better consumer protection and improved standards outside the constraints of the association," said Mr Doug Eaton, managing director of Barratt International resorts.

The continuing level of complaints about the methods of selling timeshare properties last summer prompted Mr Eric Forth, Consumer Affairs Minister, to ask the OFT to investigate.

In spite of the poor publicity surrounding timeshare, however, it is still one of the fastest growing sectors of the holiday market.

But Holiday Which? says that all the evidence indicates that "timeshare should not be regarded as an investment."

The Consumers' Association believes that the European Commission should issue a directive to control the development of timeshare throughout the EC. But the UK government will be under pressure to act more speedily.

Ports industry steers towards privatisation

Kevin Brown on the industrial changes after the abolition of the dock labour scheme

THE privatisation of the small Lincolnshire port of Boston, finalised earlier this week, marks a turning point for the ports industry.

Two groups of ports owned by the British Transport Docks Board and British Rail were privatised during the first Thatcher government. But the sale of Boston heralds the start of a new phase in which the structure of the industry is likely to change significantly.

Boston, sold to two local companies by the local council for £4.1m, is the first fruit of an attempt to promote a renewed round of privatisation launched nearly two years ago by Mr Paul Channon, the former Transport Secretary.

But it was not Mr Channon, or Mr Cecil Parkinson, his successor at transport, who got the privatisation ball rolling again. The credit goes to Sir Norman Fowler, the former Employment Secretary who resigned this week on the same day as the contracts were signed for the sale of Boston.

It was the abolition last summer of the National Dock Labour Scheme, pushed through by Mr Fowler against determined opposition from the dockers' union, which made a renewed round of privatisation a viable option.

The dock labour scheme, implemented in its modern form by the first post-war Labour government, applied in 51 of the UK's 114 main ports, including 46 of the 75 biggest.

It was intended to end the use of casual labour by placing control of pay and conditions in the hands of local boards of employers and union representatives, and by reserving certain work for registered dock workers who were effectively guaranteed jobs for life.

The scheme was strongly defended by the Transport and General Workers' Union, which stressed its role in ending casual labour and in setting training and safety standards.

But to the employers and the government it was an anachronism which restricted growth, limited management initiative, and led to abuses such as "ghosting," under which overmanning allowed registered dock workers to go home on full pay.

According to the British Ports Federation, abolition of the scheme led to the redundancy of around 4,000 of the 9,000 former registered dock workers at a cost of about £140m, of which the Government paid around £80m.

Mr Nicholas Finney, BPF director, says £60m is a price the employers are happy to pay for a development which has transformed the financial position of the industry.

Boston, for example, was losing more than £100,000 a year under municipal ownership. Mr James Sutcliffe, chairman of John Sutcliffe (Holdings), the company which will operate the port, says he is confident of moving into profit quickly under the new manning arrangements.

Associated British Ports, the private company formed from the former BTDB takes a similar view of the prospects for its 21 ports, which account for 25 per cent of UK capacity.

Sir Keith Stuart, chairman, says the cost of making 1,000 of the group's 1,700 former registered dock workers redundant will be around £18m. Against that, pre-tax profits are forecast to rise by £5m in the first full year, and by up to £20m a year within three years.

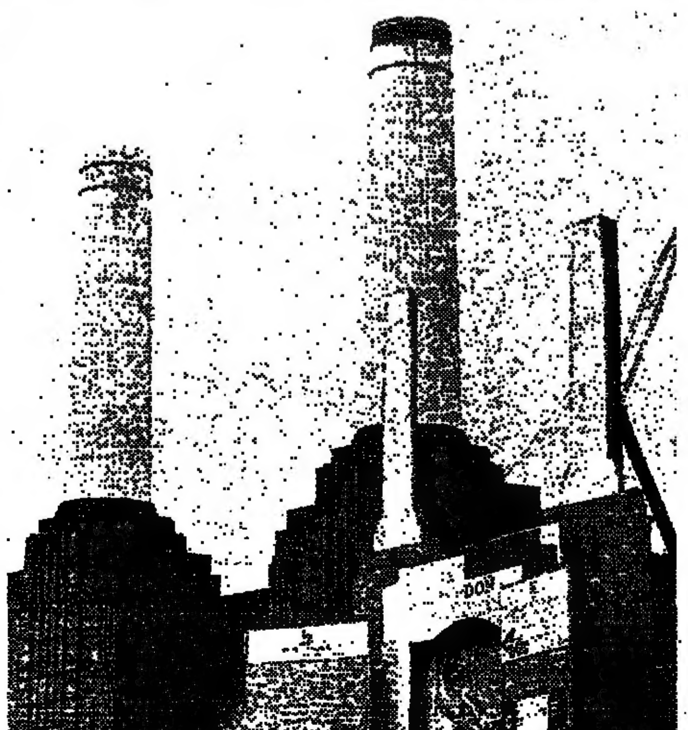
Similarly, Mr John Lawson, transport analyst at the Liverpool stockbrokers Charterhouse Tilney, says the end of the scheme is likely to boost pre-tax profits of the Mersey Dock and Harbour Company by £1m this year to £10.5m.

Meanwhile, Sealink, a subsidiary of Bermuda-based Sea Containers, is negotiating the sale of several of its ports as part of a recapitalisation of the parent company designed to fight off a hostile takeover.

Dover, once a leading candidate, is now unlikely to go ahead in the short-term because of the difficulties of arranging a flotation while attention is concentrated on the competitive threat from the nearby Channel Tunnel.

Abolition of the dock labour scheme, however, is not a panacea for British ports, which still face higher infrastructure costs than their Continental rivals, many of which receive state-aids which are not available in the UK.

Ports in the north and west also face the continuing problem of coming to terms with a change in trade paterns favouring the South-East caused by UK membership of the EC. But the industry is poised for a period of labour stability and steady growth probably unparalleled in this century.



Family business submits scheme to save landmark on the Thames

By Jimmy Burns and Stephen Fidler

AN alternative development scheme aimed at saving Battersea Power Station in London, Britain's biggest brick-built building (pictured left), from the threat of demolition has been submitted to the local Wandsworth Council.

The initiative to save the 1930s art deco structure has been taken by the CIL group, the family-owned shopfitting and property business headed by 72-year-old Mr Sam Morris which owns Islington's Business Design Centre.

The move follows plans to turn the former power station on the south bank of the Thames into a theme park and leisure centre.

The CIL group's outline planning application is for the conversion of the semi-derelict Power Station into an exhibition and trade centre for the construction industry which would include a Museum of Building and Architecture. The plan aims to reduce environmental disruption.

It has been submitted in an outline form at a time of continuing uncertainty over the future of the Power Station, one of London's best known-landmarks set in land adjacent to Chelsea Bridge over the River Thames.

Just before Christmas, Wandsworth Council received a revised planning application from Alton International, a new company formed earlier this year by Mr Paul Bloomfield, the property trader, and Mr John Broome, the developer of the Alton Towers leisure park in Staffordshire.

Alton International envisages converting the Power Station into a leisure park as broadly proposed by Mr Broome when he bought the site from the Central Electricity Generating Board for £1.5m in 1987.

According to bankers, however, attempts by Mr Broome to refinance the project have made little progress. Security Pacific, the US merchant bank which has headed an enlarged syndicate of banks said in November negotiations with Mr Broome were at "a delicate stage" and yesterday a spokesman for the bank said there was no further comment.

The planning application also includes office and hotel development in adjacent land owned by property company, Parc Securities.

Local environmental groups claim that the hotel and office blocks will obscure riverside views and the silouette of the Power Station designed in the 1930's by Sir Giles Gilbert Scott. They also believe that the leisure complex will add to London's traffic problems.

Mr Broome's own company, the Alton Group, this week denied reports that the Power Station was about to be put up for sale.

TECHNOLOGY

A cure for faulty medical donations

Much of the medical technology donated to hospitals in poor countries fails to function. The faults are often simple – a blown fuse, a defective electrical connection or just the operator's inability to install equipment properly.

The World Health Organisation (WHO) estimates that up to 80 per cent of medical equipment in developing countries does not work. This not only wastes donations from the industrialised world, but also absorbs a significant proportion of national health budgets.

In response, a group of global development agencies and educational institutions has created a training programme in the maintenance and management of biomedical equipment.

The WHO, which is one of the sponsors, wants to establish a global network of co-operating institutions leading to the training of instructors. Many universities and national health authorities in developing countries will participate.

The first joint training course in Paris has produced 18 graduates from such countries as China, India and Indonesia. Another course has been held at the Eastern and Southern African Management Institute in Tanzania, attended by technologists and health administrators from 15 countries.

Dr Mays Swicord, at the WHO's division of diagnostic, therapeutic and rehabilitation technology in Geneva, says that modern medicine increasingly depends on instrument technology.

In a discussion paper, he blamed the failure of hospital equipment in developing countries on shortages of technicians and spare parts, on poor instructions and inappropriate purchases or donations.

A nine-month course for French-speaking hospital maintenance technicians has been developed by the Higher International Institute for the Training of Health Personnel, part of the Hospices Civils of Lyon. A similar course for English-speaking technicians is available in Nicosia, Cyprus.

Thomas Land

As plastics recycling becomes a mainstream activity, **Peter Marsh** reports on progress in the Netherlands

No longer a throw-away product

Steptoe's junk yard or a gleaming chemicals factory? The plant run by Jan van den Goorbergh in the Netherlands is a bit of both.

The factory, which is among the world's largest facilities for recycling plastics, belongs to Reko, a subsidiary of DSM, the Dutch chemicals company.

It takes the detritus of society – plastic bottles, old laundry bags, agricultural and industrial packaging – and turns it into shiny pieces of plastic ready for re-use in anything from gate posts to car parts.

Van den Goorbergh has managed the plant, in Beek, since 1981, giving him a rare depth of experience in a business which has been transformed from a fringe industry into a mainstream activity for many of the world's biggest chemicals companies. Their sudden interest stems from the pressure exerted by increasingly "green" consumers and politicians.

Hardly a day goes by without someone of influence complaining that only a tiny proportion of the 80m tonnes of plastic produced each year is recycled. Much of this plastic mountain – up to a third of it in many countries – comprises discarded packaging. At present, the bulk of this waste finds its way into landfill sites.

Leaders in the $150bn-a-year plastics sector are worried that the growth in environmental consciousness could hurt their industry. Consumers may resist buying heavily packaged goods and some parts of the US are considering imposing taxes on packaging.

This explains the frenetic scramble in the past year – by such groups as Du Pont, Arco and Dow, of the US, and Hoechst, Bayer and BASF, of West Germany – to announce recycling projects. They hope this will demonstrate their green credentials and reduce the political pressure.

Van den Goorbergh views this sudden concern for the environmental with a certain detachment. A mechanical engineer who has also studied economics, he has been involved in plastics recycling since 1976 when DSM asked him to investigate the idea.

Five years later the project got off the ground with the establishment of Reko and the company's first factory near DSM's main chemicals site at Heerlen.

The Reko plant recycles 20,000 tonnes of plastic a year and has annual sales of about Fl 35m (£11m). It is planning a Fl 16m expansion by the end of 1990 which should increase capacity to 30,000 tonnes.

An important part of the recycling process is the initial separation of different kinds of plastic. Reko works with three types of material: low-density polyethylene, polypropylene and polyethylene terephthalate (PET), all of which enter the plant in separate shipments.

While many other recycling plants in Europe handle polyethylene and polypropylene, Reko claims to be the continent's only facility catering for PET, which is mainly used in transparent bottles for soft drinks.

In the area of PET recycling, Reko's 4,000 tonnes a year capacity for reprocessing this plastic (which should rise to 7,000 tonnes at the end of 1990) is small compared with the 100,000 tonnes of PET recycled each year in the US.

Most of this plastic in the US, however, finds a new use in low-grade applications such as filler material in clothing and containers. Reko says its process can provide material for higher value uses (see below).

Van den Goorbergh says that setting up and running the Beek plant has been a great managerial and technical challenge. "There is much more complexity involved than in most other areas of industry. As well as having to think about a wide range of applications for your finished products, you also have to consider a very broad stream of suppliers of the raw material."

He deals with about 30 regular suppliers of waste polyethylene and polypropylene and about 15 for PET. In each case, what he pays for the raw material has to be set against the price he will get for the finished product, which is typically 25 to 50 per cent less than that paid for the equivalent virgin plastic.

Van den Goorbergh says: "When we first started, we hid the origin of our materials. We did not want to say they were recycled, but stressed the quality. Now we have found that attitudes have changed and we use the concept of recycling as a promotional tool. It makes people feel good if they are buying something they feel is helping the environment."

Jan van den Goorbergh with rolls of plastic recycled from the debris behind him

A PET method designed to increase purity

REKO's technology for recycling polyethylene terephthalate (PET) is designed to increase the purity of the resin in the finished material.

The Dutch company has signed a deal with Johnson Controls, a plastic bottle maker based in Milwaukee, to transfer its technology to the US to help Johnson start a recycling operation in Michigan.

By ensuring a high degree of purity, Reko says its finished material can be sold for higher prices and used in more sophisticated applications than is the case for much of the PET recycled elsewhere.

The world's biggest recycler of PET is thought to be Wellman, of New Jersey, which reprocesses it for a variety of applications, such as filling material for sleeping bags.

The basic technique for plastics recycling is: separating the raw material from other waste; cleaning; granulating; heating; and producing the reprocessed plastic as chips or extruded sheets.

Reko's plant deals with 60m PET bottles a year, delivered by many of Europe's big bottling companies which have started to collect from consumers via deposit systems. The groups include the German and Dutch divisions of Coca Cola, of the US, M and S of Holland and Hero of Switzerland.

A fundamental part of the Reko process is that it accepts only specific bottle types as raw material. These conform to standards laid down to facilitate PET recycling.

Reko uses a patented process in the early cleaning stages, involving hot water and a vibration-based collection system. This separates the PET in the bottles from other debris such as labels, glue and dirt.

Jan van den Goorbergh, Reko's managing director, says that the PET produced contains only 30 parts per million of impurities. According to him, this degree of purity is roughly 30 times better than the accepted level in recycled polyethylene or polypropylene.

Reko produces its final PET resin in the form of chips, which are sold to conventional plastics converters. They use the material for such products as car components and packaging.

Van den Goorbergh says he buys the PET bottles for Fl 0.5 (16p) a kg and sells the chips for about Fl 1.70 a kg – roughly half the price of the equivalent virgin material.

Building up ICI's science without an ivory tower

By David Fishlock

With a research and development budget exceeding £600m a year, ICI outstrips all other UK companies in its financial commitment to science.

After a decade of considerable change when Sir Charles Reece was director of research and technology, his successor, Peter Doyle, has set about building on Reece's achievements, which included abandoning the central research laboratory.

One of the themes pursued by Doyle in his first year in the job has been to persuade all company scientists that research must be coupled with business objectives. Another is "corporateness": the notion of tapping good science freely wherever it arises in the company, rather than risk the isolation of research in some central "ivory tower".

In pursuit of these aims Reece pioneered science strategy groups, bringing together senior ICI research managers with a common technical interest. Doyle came from the company's bio-science side, which now accounts for more than 50 per cent of the research and technology budget.

The bio-strategy group of research managers, drawn from such areas as pharmaceuticals, crop protection and plant breeding, is regarded by Doyle as a model of how to combine widely spread corporate expertise. Among other tasks, the group tries to judge whether the company is recruiting enough scientists of the right calibre to fulfil longer-term commercial targets.

One of the other areas identified by Doyle as crucial to business development is materials science. This is the bedrock of such ICI activities as advanced composite materials (such as carbon fibre reinforced plastics), paints and polyurethanes, films and data storage, as well as traditional polymers and fibres. The strategy team is chaired by Peter Holdsworth, research director of ICI Films at Wilton.

Chemical synthesis is another example. ICI activities range from the synthesis of gene probes, which sell in quantities measured in billionths of a gram, to the synthesis of commodities such as ammonia selling in kilotonnes. To ICI, a vial of gene probe is worth much the same as a tonne of ammonia.

The synthesis and catalysis strategy group is chaired by Alan Calder, senior research manager of ICI Colours and Fine Chemicals in Manchester.

Another group deals with process technology. "If I've an area of concern, it is that ICI has tended to take process technology for granted," says Doyle.

As he sees it, process technology should take over when the research work is scaled up, enabling the change from kilogram quantities to market quantities. At this stage such factors as investment, process optimisation and environmental impact loom large. All too easily, some key piece of technology can fail to transfer, hobbling the project.

Doyle says the rising tide of concern for the environment has added impetus to the launch of his process technology strategy group, under the chairmanship of Hugh Donaldson, operations director of ICI Colours and Fine Chemicals.

Doyle cites the ICI project to replace chlorofluorocarbon (CFC) aerosol propellants with the ozone-friendly hydrofluoro-alkane as a test of the group's ability to bring all its technological resources to bear on a major investment.

Where does the boundary lie between process technology and what ICI understands as engineering? The knack is to make sure there is no boundary, says Doyle. "The engineers are anxious to be involved early."

Doyle says ICI is selling "effects" rather than chemicals; biological or electronic effects, for example.

Many of the effects of greatest interest to ICI are physical ones. To focus research thinking he has set up a physics strategy group under the chairmanship of Ian Kirby, research manager of ICI Nobel's Explosives Company – which has created some of the most dramatic physical effects.

FT LAW REPORTS

Digest of Michaelmas Term cases

From October 27 to November 15

TESAM DISTRIBUTION LTD v SCHU-MODE TEAM GmBH AND ANOTHER
(FT, October 27)

Tesam carried on business in London as an importer and distributor of shoes. The defendant bank and Schu-Mode, a supplier of shoes, carried on business in West Germany and neither had a seat in the UK. When Tesam served a writ out of the jurisdiction on the bank, the bank successfully applied to set aside the writ and service under RSC Order 12 rule 8, on the grounds that the proceedings ought to have been brought in Germany, and that the English court had no jurisdiction. On allowing Tesam's appeal on the breach of contract claim, the Court of Appeal stated that the dispute was whether there ever had been a contract between Tesam and the bank. The European Court had authoritatively decided that a dispute as to the existence of a contract did not deprive a national court of jurisdiction it would otherwise have under article 5(1) of the 1982 Civil Jurisdiction Convention (see Effer v Kantner case 38/81 March 4 1982). A claim under article 5(1) was thus not dependent on the court's first satisfying itself that the contract existed, and was a matter which the court had power to determine under article 5(1).

Re INTERNATIONAL TIN COUNCIL
(FT, October 31)

In an appeal by brokers and bankers that the member states of the International Tin Council should be made liable for the ITC's debts, the House of Lords held that the ITC could not exercise the capacities of a body corporate and at the same time be treated as if it were an unincorporated association. The International Tin Council (Immunity and Privileges) Order 1972 brought into being an entity which must be recognised by the UK courts as a legal personality distinct in law from its membership and capable of entering into contracts as principal. Moreover, Parliament could have imposed some liability for the debts of the ITC on the member states. But the Order had imposed no such liability, and, in the absence of express parliamentary provision, a contract entered into by the ITC did not involve liability on any person who was not party to the contract.

ATTORNEY-GENERAL OF TUVALU AND ANOTHER v PHILATELIC DISTRIBUTION CORPORATION LTD AND OTHERS
(FT, November 1)

In contempt proceedings against a company director for breach of a court order, the Court of Appeal stated that where a company was ordered not to do certain acts or gave an undertaking to like effect, a director who was aware of the order or undertaking was under a duty to take reasonable steps to ensure that it was obeyed. If he wilfully failed to take those steps and the order or undertaking was breached, he could be punished for contempt (see RSC Order 45 rule 5(1)(iii)). "Wilful" was used to distinguish the situation where he could have reasonably believed that some other director or officer was taking those steps.

TURNER v MANX LINE LTD
(FT, November 3)

Manx Line was lessee of a Linkspan which was a floating roadway from car ferry to shore. It insured the Linkspan and clause 3 covered the assured "if by reason of interest in the vessel," he became liable to pay in respect of "(c) loss or damage to any harbour . . . jetty." Manx Line argued that the Harbour Board's claim fell within clause 3(c) when the Linkspan broke away from its anchorage in heavy weather and damaged Harbour Board property. Dismissing an appeal by a Lloyd's underwriter and upholding Manx Line's contention, the Court of Appeal stated that "by reason of" and "interest in the vessel" should be construed in a broad rather than in a narrow sense. The court should see whether there was some nexus between the assured's liability and his interest in the vessel and it might be as owner or lessee or bailee. But he might also be interested in the vessel as its operator or user and there was no reason to exclude from the clause 3 liabilities those which the assured might incur as operator or user rather than as owner or lessee.

THE MATHRAKI
(FT, November 7)

Under a contract for the sale of high sulphur fuel, Clause D provided: "Sellers to give the buyers minimum three working days notice of nomination . . ." The issue was whether the nomination was in time. The notice was sent and received after 17:00 but before midnight. The plaintiff seller, Vitol, contended the nomination was valid because it was given before midnight, leaving three calendar working days before the end of the delivery period while the buyer, Phibro, contended that by reason either of construction or implied terms, the contract required notice to be given before 17:00 which was the end of the working day. Finding for Vitol, Mr Justice Evans stated that it frequently occurred that nominations were made, received and acted on after 17:00 London time. The evidence therefore did not support a contention that a 17:00 deadline was necessary to make the contract work. With regard to whether there was a custom of the trade to the opposite effect, the evidence generally showed that when a nomination was received after 17:00 London time, the buyer accepted it under protest, then passed it on to his buyer.

TATE & LYLE INDUSTRIES LTD v DAVID McKEE (LONDON) LTD
(FT, November 8)

In an application for leave to appeal against an arbitrator's interim award in a dispute over renovation of a sugar refinery, Hirst J ordered that the application be transferred for hearing by the official referee, who refused leave. Tate & Lyle's request for a re-listing of the application before a commercial judge was then rejected by the judge and Tate & Lyle appealed. Dismissing the appeal, the Court of Appeal stated that the test for transfer to an official referee was appropriateness – as flexible a test as one could imagine. Order 36 rule 1 (2)(a) described the kind of cause or matter which might be appropriate for determination by an official referee; but many matters having those characteristics were habitually determined in other courts, and rule 1(2) provided no exhaustive definition of matters which official referees might entertain.

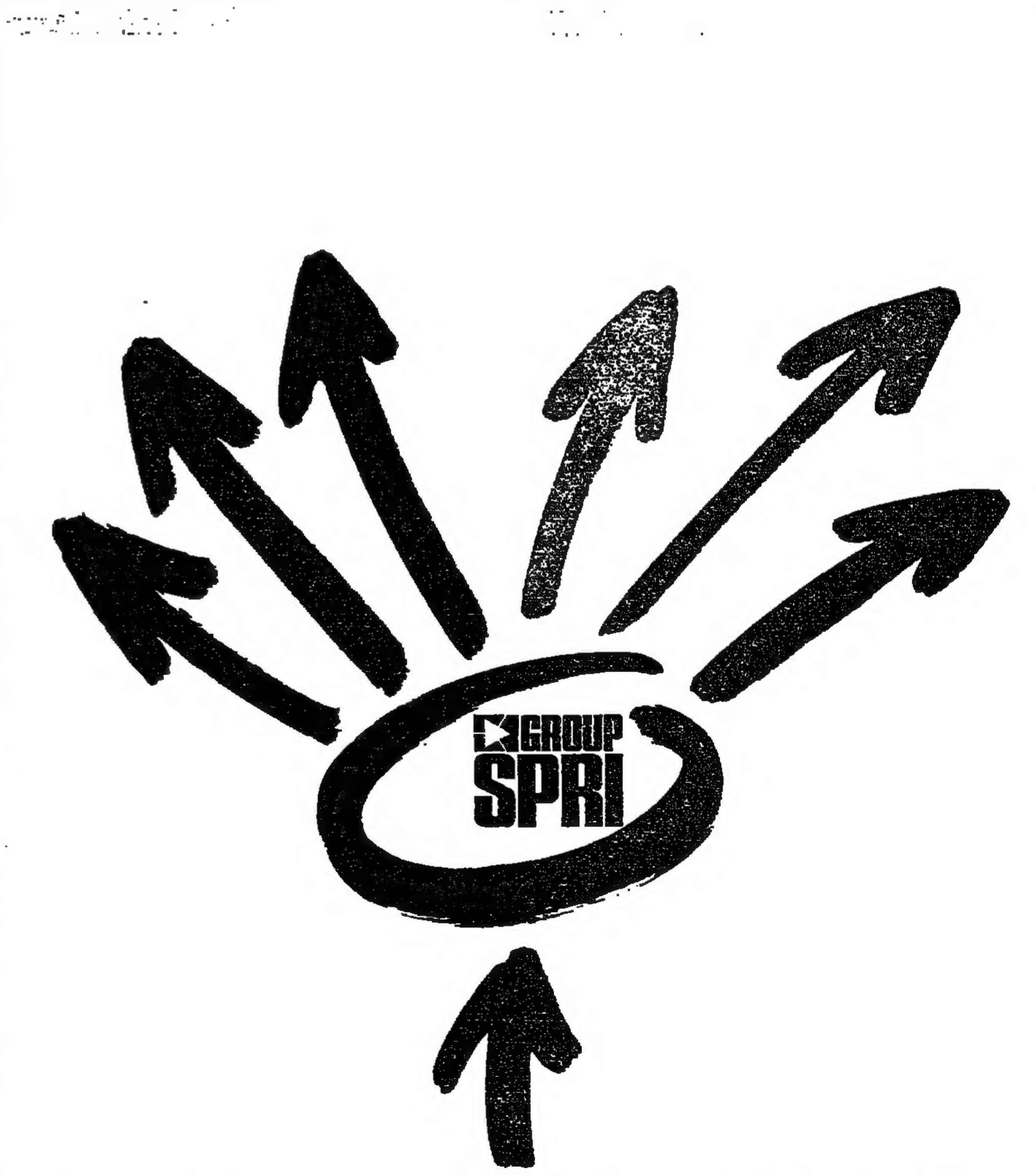
JALNARNE LTD AND ANOTHER v RIDEWOOD
(FT, November 10)

By a conveyance, the vendors covenanted to construct an access road on the retained land while the purchaser was granted a right of way over it "at all times and for all purposes with or without vehicles." While dismissing the vendors' argument that the physical characteristics of the access road limited the nature of the traffic brought on to it, the court none the less held that owners of dominant tenements could control visitors by withholding licences unless and until they behaved in accordance with the terms of the easement. Such control could be exercised, for example, by employing parking wardens, or stopping visitors at the gate until there were sufficient parking places. Moreover, in the present case, the owners were liable for being present at, and assisting visitors in, committing trespass and would be liable in damages and an injunction to restrain further trespass.

ALLIED TRUST BANK LTD v SHUKRI AND OTHERS
(FT, November 14)

In Derby v Weldon (No 1) [1989] 2 WLR 276, Lord Justice Parker, echoing Lord Templeman's observations in Spiliada [1989] 2 WLR AC 460, stated that the time taken in arguing Mareva injunctions should be measured in hours not days and that appeals should be rare. Where principles were involved full argument was required and appeals might be justified. In the present appeal and cross-appeal, however, no principles were involved and there were only two issues for consideration – good arguable case and non-disclosure and both dealt with pure questions of fact. If Parker LJ's warning continued to be ignored, the Court of Appeal would not hesitate to back Commercial or Chancery judges who took a strong line when confronted by applications that overburdened the courts with unnecessary details that could result in the courts becoming clogged with interlocutory applications and the postponing of trials.

Aviva Golden



Corporate culture

A shop floor transformed

Charles Leadbeater examines how SP Tyres, once part of Dunlop's European operations, has been turned round since its takeover by Sumitomo Rubber

Ian Sloss, manufacturing and personnel director (left), and John Mullen, production foreman: Charts track the progress of Mullen's small cell of workers in improving quality and productivity

John Mullen is proud of the 12 neatly drawn charts which festoon the wall in the textiles area he is in charge of at SP Tyres' factory at the old Fort Dunlop site near Birmingham.

With neat lines the charts track the progress made by the small cell of workers he leads in improving quality and productivity. The latest addition records how the cell has introduced a just-in-time system to reduce stock levels and work in progress.

Where once there would have been 120 rolls of textiles in stock awaiting processing there are just 11.

Mullen, who was recruited as a manual worker, talks confidently to Ian Sloss, the company's manufacturing director, about the cell's performance, emblazoned on the graphs. Their conversation is symptomatic of the way SP Tyres has transformed the once ailing factory.

The skills Mullen has learnt to lead the cell, such as statistical process control and quality management, have come from an extensive training programme.

His position as cell leader is testimony to the company's drive towards a less hierarchical management structure which gives more responsibility to a better trained shop floor.

The ease of his conversation with Sloss is an indication of the way the company's vastly improved employee involvement and communications programme has cut across traditional demarcation lines between workers and managers.

For there seems little doubt that SP Tyres has become a roaring success since the Japanese Sumitomo Rubber Industries took over the site after its acquisition in 1985 of Dunlop's European tyre operations.

SRI did not have the advantages of many other Japanese inward investors in the UK. Most of the buildings on the site date back to 1916. It could not select carefully vetted workers. Far from having a single union/no-strike agreement the company had to deal with a clutch of craft and general unions.

Yet production at SP Tyres is 50 per cent up on that of 1984, with a third fewer workers. Waste and warranty costs as a percentage of turnover have been more than halved. The company's market share in all product sectors has increased. An annual loss of £20m was transformed into a post-tax profit of £3.7m in 1988.

SP Tyres, which also has a factory in Washington, Tyne and Wear, and a retreading plant near Manchester, is well placed to benefit from recent major investment plans announced by Japanese car manufacturers Nissan, Honda and Toyota, seeking to establish a European base for the 1990s.

If the success is obvious, the causes are far more difficult to pin down. Why have British managers and workers been so much more successful under SRI's ownership than under the previous British regime?

According to Sloss the place was a shambles when he arrived at Fort Dunlop after Dunlop closed its factory at Speke on Merseyside. He says: "It was run by unions on the one hand and bureaucratic accountants from London on the other, who thought managing was ringing us up to tell us how many tyres to produce."

There was a hierarchy of seven canteens. The manual workers' canteen had one of the most popular bars in the neighbourhood.

By the early 1980s the company was heading for bankruptcy.

The takeover itself had an effect on employee attitudes and performance. SRI was able to take harsh decisions over redundancies which the incumbent management felt unable to face. Every worker retained knew that this was the factory's last chance.

Yet the involvement of a Japanese company intent on making the plant a success also provided a sense of security after the years of cut-backs and insecurity about threatened closures.

SRI has invested about £10m a year in the site. Little of the improvement is attributable to the sweeping introduction of new technology, though. Some of the productivity gains are due to redundancies which cut the workforce from 8,500 in the early 1980s to about 2,500 last year.

But many of the changes have been much more qualitative. The most important was adopting a new approach to communication as the basis for management authority and credibility.

The details of the SP Tyres communication programme are fairly unremarkable.

There is a monthly team briefing, with information spreading down from the board room to the shop-floor. Three times a year board members meet groups of shop floor workers for question and answer sessions. The company has set up multi-disciplinary teams to tackle production problems.

What matters is how this dovetails with the company's approach to management. Information can flow freely only if barriers are removed. Effective communication demanded that the status symbols of the old Dunlop days – such as separate car parks – were removed. Changes were introduced; everyone now wears the same uniform.

As Gerry Radford, the company's chairman, explained in a recent presentation to the Japanese Chamber of Commerce: "This is not some eccentric part of Japanese culture, imposed from SRI's headquarters in Kobe. It genuinely makes everybody feel part of the same team and more at ease with each other in communicating ideas. Communication is not merely through the spoken or written word, but through our whole style of behaviour."

Sloss stresses the importance of continual informal discussion, which is borne out by the relaxed way he chats on first name terms with workers in the plant.

Yet he believes communication can be improved. "The formal briefing meetings do not give people much room to voice their opinions. We need to develop more two-way communications."

The apparent informality belies SP Tyres' determination. Its approach to training is a clear example. The company's extensive quality training programme started in 1986 with about 1,000 staff being trained in statistical process control. It has since been extended to involve all staff, from sales and marketing to accounts, in a total quality programme. Sloss explains: "After the initial programme we realised about 85 per cent of our quality problems were not on the shop floor."

Yet contrary to the conventional wisdom that companies need to take a more systematic approach to spending on training, there is no training budget and Radford admits he has no idea how much is spent on training.

This is because most of it is done relatively inexpensively in-house by multi-disciplinary teams, led by senior managers. These teams take responsibility for training other members of staff, often in areas outside their occupational expertise. A production engineer might find himself training others in quality concepts.

With its new management style based on communication as the foundation, the company is moving on.

An aborted attempt in the first years after the takeover to introduce quality circles will be resurrected; there is widespread confidence that it will be a success.

Just-in-time production will gradually spread through the cells in the factory, as will more new technology. Sloss says: "You can only do these things when attitudes are right. Now we can really make best use of just-in-time and new technology to improve quality and increase output."

A factory which was once obsessed with union based industrial relations will also witness important changes in collective bargaining. Although union membership remains high the scope of collective bargaining has been considerably limited.

In 1985 Sloss dealt with seven unions in 11 separate negotiations. Last year the number of negotiating groups was reduced to three.

The influence SRI has had on SP Tyres' development is difficult to establish.

The parent company based in Kobe, Japan, exerts very little direct influence. There is only a small Japanese management team in the UK, with three board members and a small number of production and technical advisers.

Sloss says the Japanese have been very important in setting out clear strategic goals, for instance in stressing the importance of communication, developing talent in-house, quality and employee involvement. The Japanese have also taught the British about the importance of planning. Sloss says: "They tend to take much longer planning a decision, making sure they have thought through all the angles. Then once they have made a decision they stick to it."

But the Japanese also constantly push and prod the company on details. A team of three young Japanese production engineers tours the factory suggesting all sorts of minor improvements to plant layout and production systems. Japanese managers come to the UK to advise on issues such as material waste management.

After a recent car accident involving a senior British executive, the Japanese also advised on the details of the safest car seating and travel arrangements to minimise the risk of accidents among senior managers.

But much of this detailed advice is intended to stimulate the British to develop their own ideas, rather than to instruct managers in the SRI model for manufacturing. The company's West German and French factories do not work in the same way as the British sites.

This may change in the next few years as SRI's approach to internationalisation develops through a review intended to develop a pan-European manufacturing strategy.

Anyone visiting Fort Dunlop, one of the historic sites of British manufacturing, hoping to leave with a neatly packaged answer to manufacturing problems will leave disappointed. SP Tyres' success under SRI's tutelage is not due to a model for success but a subtle yet powerful blend of factors.

Eastern promise

Robert Gibbens on a Canadian MBA

McGILL UNIVERSITY's Faculty of Management has put together what it believes is North America's first international Master of Business Administration degree to include a diploma that embraces the study of Chinese and Japanese.

To obtain the Diploma in Management-Asia Studies business students will take additional courses with McGill's Department of East Asian Studies, become proficient in speaking Chinese or Japanese, acquainted with Asian culture and management techniques and spend a three month internship in an Asian country.

The programme will also include lectures by Asian business professors.

The McGill Business School is the only one in Canada to belong to the Programme for International Management, a network of 20 international management schools which exchanges students and teachers. McGill's Business School has a high percentage of foreign students – about 27 per cent of the 2,300 full and part-time students, from 32 different countries.

Dean Wally Crowston, formerly head of Administrative Studies at York University, Toronto, says: "We will begin to challenge some of the standard approaches used in North America."

Business courses

Strategic information systems planning, London. Feb 21-23. Fee: £690 + VAT. Enquiries from The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-871 2546. Fax: 01-871 3866.

International public relations - experience and action, London. Feb 21. Fee: £100. Information: Enquiries: The Institute of Public Relations, The Old Trading House, 15 Northburgh Street, London EC1V OPR. Tel: 01-253 5151.

What is organisation development? Middlesex. June 4-5. Fee: £450. Enquiries: Miriam Dean, Programme Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel:(0895) 56461 ext 215.

Will Britain emerge as the entrepreneurial engine in a frontierless Europe? London. April 3-4. Enquiries: Dr Juliana Schwager-Jebbink, 58 chemin des Hants-Crets, CH-1223 Cologny/Geneva, Switzerland. Tel:(41 22) 736 02 43.

Design for Europe, London. February 15. Fee: £232 + VAT. Enquiries: Design for Europe, 8 Cotswold Mews, Battersea High Street, London SW11 3JE.

Really effective business writing. London. March 15-16. Fee: £545 + VAT. Details from Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18. Tel: 01-871 2546. Fax: 01 871 3866.

Service level agreements, London. February 14. Fee: £295 + VAT. Details from The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London, SW18. Tel: 01-871 2546. Fax: 01-871 3866.

Leadership for technical managers, Stockholm and London. February 21-23 and March 28-30. Fee: SKr 9.450 and £795 + VAT. Details from ICS Publishing Co, ICS Education Centre, Trafalgar House, Hammersmith International Centre, London W6 8DN. Tel: 01-748 6667. Fax: 01 748 5005.

DP project management, London. February 5-7. Fee: £690 +VAT. Details from The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18. Tel: 01-871 2546. Fax: 01 871 3866.

Finance and accounting for technical managers, London. February 7-9. Fee: £795 + VAT. Details from ICS Publishing Co, ICS Education Centre, Trafalgar House, Hammersmith Internatinoal Centre, London, W6. Tel: 01-748 6667. Fax: 01-748 5065.

Speaking with confidence, London. March 19-20. Fee: £545 +VAT. Details from Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18. Tel: 01-871 2546. Fax: 01 871 3866.

THE PROPERTY MARKET

A bridging year in prospect

By Paul Cheeseright

QUIET for the first half, gentle somnolence over the summer holiday period and a reawakening in the last quarter. This may be how the property market will behave in 1990.

The property industry will be taking the economic policy medicine conjured up by the Government just like everybody else. That medicine of high interest rates and its effect on retail performance and on investment plans has already induced a state of caution on the market. Take-up of space in the City of London market, for example, was 20 per cent lower than the six monthly average.

There is little reason to suppose this caution suddenly will disappear. This year will not be as exciting as the previous three, but it need not be as bad as some had feared.

The Financial Times survey of 22 independent economic forecasting groups has indicated that although the immediate prospects are far from rosy, there will be no recession. Rather, the 1990 growth of gross domestic product will be 1.4 per cent and in 1991 growth will be 2.4 per cent. Interest rates should drop a couple of percentage points by the end of the year and inflation will come down from 7.7 to 5.5 per cent. This is a trifle more optimistic than the Government's own forecasts.

The movement of the larger economy is likely to ensure that, even if demand for space is not dampened, the desire to enter into new commitments will be restrained at least until the last quarter. By then it should be clear whether the Government's treatment has worked. On the optimistic assumption that it has, the confidence which has been seeping out of the market ought to start seeping back.

All of this suggests that 1990 will be a bridging year. For 1987 and 1988, returns in the property industry were very high. They were less high in 1989, as the accompanying Investment Property Databank table shows, but still comfortable. This year the returns, as a direct result of the movement in the economy, will continue to slow but ought to average out at a not unrespectable 12 or 15 per cent.

If, next year, the economy starts to grow again, then the property industry ought to grow with it, although there might be some time lag. There are a variety of factors which could inhibit a return to the conditions of 1987-88.

First, the market has fully to absorb the surge in rents that started in 1986. Higher accomodation costs mattered less when the economy was more buoyant. At a time of restraint, such costs become more sensitive. While little might be done about rent reviews on existing tenancies, the movement of rents to levels undreamt of three years ago is a significant factor in delaying expansion plans at a time when profits may be under pressure. This has been clearly seen in the retail sector.

Second, retail and office tenants especially are faced with the prospect of higher costs because of the introduction, from April 1, of the uniform business rate on the basis of a new property revaluation. That extra cost has to be borne by somebody, even if phased in. And on premises taken up after April 1 there is no phasing. At the very least this will make tenants less ready to accept the new rental levels.

Third, the escalation of rents has brought in its wake a sharp rise in development activity throughout the country, starting in the City of London and spreading outwards. New buildings are becoming available. They, and the buildings which become vacant because occupiers are moving, will have to be letting before developers enter into new commitments.

Already there is more choice for tenants. The level of enquiries for new premises suggests there is plenty of potential demand. What is more difficult is translating demand into a deal.

But Debenham Tewson & Chinnocks has noted that supply and demand in the City – first into the surge of development and the first likely to topple into oversupply – is less out of kilter than it appears at first sight. In the third quarter of 1983 available supply was the equivalent of average take-up over 15 months; in the 1989 third quarter it was the equivalent of 11 months.

With the market slowing it becomes more difficult for occupiers to dispose of the accomodation they already hold. This is a deterrent to expansion. Obviously each market is different, but the general principle of more accomodation becoming available holds good.

In short, these factors emphasise the not very original notion that the property industry's traditional cycle is on the downward slide. But if the economic pundits are right, then the slide down, the bumpy ride along the bottom, should not be as prolonged as it was in the early and mid-1980s.

From this two other sets of considerations follow. The first relates to the property shares market. Even when the market was rising to a new peak this week, property shares were in the shade. Trading activity was low. There was the same lack of interest in the sector that there has been since last spring.

The market has taken a very detached view of property ever since interest rates started to climb and only becomes excited in the special situations of a takeover. There could be more of those this year as the weaker and financially-extended companies seek the shelter of the more powerful and as overseas buyers or domestic syndicates exploit the sharp disparity between share price and asset values.

Apart from that, it is a fair assumption that, with returns dwindling, the market will continue to believe there is little in the property sector to excite interest and that shares over the next few months will remain sluggish.

The second set of considerations relates to the investment market, the most notable recent factor of which has been the readiness of the domestic institutions to sell and the readiness of foreigners to buy.

It is widely predicted that, as yields widen, the domestic institutions will be encouraged to come back into the market; they are simply waiting in the wings with their chequebooks ready. But it was freely predicted over two years ago that they would want to take advantage of the higher returns from property and buy in. This they did only to a very limited extent.

The underlying deterrent of the lack of liquidity in property investment and the relatively short term view taken by many funds suggest that an injection of finance to take advantage of an upturn in late 1990 or 1991 will be attractive only to those relatively few larger funds which traditionally have kept a sizeable stake in property.

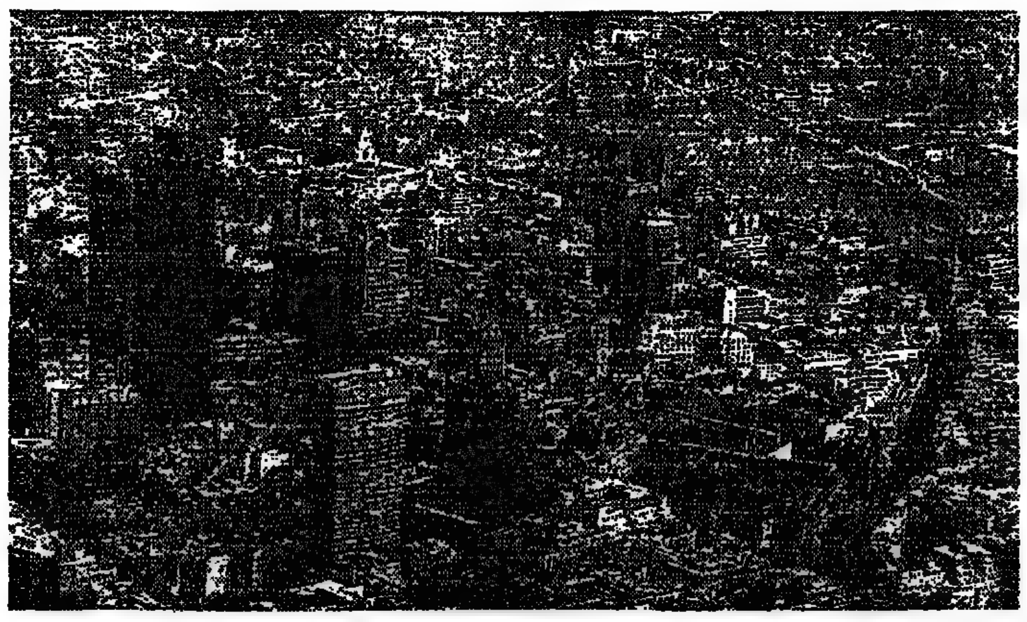
Foreign investment has tended to be less sensitive to the ebb and flow of immediate market factors. ket.

But, relatively speaking, foreign interest is small. The main local preoccupation in 1990 will be how to hold on in face of the high cost of money. Smaller players will find it difficult.

TOTAL RETURNS (%)

	Retail	Office	Industrial	All Property
Year to November 89	11.2	22.7	32.3	19.0
Quarter to November 89	0.3	3.5	5.6	2.8
Month of November 89	-0.4	0.7	1.8	0.4

Source: Investment Property Databank



Alan Harper

The City: less out of kilter than it appears

INTERNATIONAL PROPERTY

LEGAL NOTICES

Registered in England and Wales

Company No 1976975

SPENCER KING (SPECIAL PRODUCTS) LIMITED

Principal place of business:
Lamburhurst Farm
Dargate
Nr Faversham
Kent

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at:

Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ

on 8 January 1990 at 10.30 am for the purpose of having laid before it a copy of the report prepared by the administrative receiver(s) under section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committee by or under the Act.

A proxy form is enclosed. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to us at the address shown below, no later than noon on 5 January 1990, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986, and

(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned: photocopies (including faxed copies) are not acceptable.

Date: 21 December 1989

C J HUGHES & R M ADDY
Joint Administrative Receivers

Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

LEGAL NOTICES

AJ DUNNING & SONS LIMITED (IN RECEIVERSHIP)

Registered number: 2249071
Nature of business: Construction and Small Works
Trading classification: 25
Date of appointment of administrative receiver(s): 15.12.89.
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

SOUTHAMPTON MARINA AND TOWN QUAY DEVELOPMENT COMPANY LIMITED (IN RECEIVERSHIP)

Registered number: 1907565
Nature of business: Property Development
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89.
Name of person appointing the administrative receiver: Electra Property Finance Limited
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

STUTTARD AND CURRIE LIMITED (IN RECEIVERSHIP)

Registered number: 726147
Nature of business: Painters and Decorators
Trading classification: 25
Date of appointment of administrative receiver(s): 15.12.89.
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

AIRLOAD ENGINEERING LIMITED

Registered number: 1542124
Nature of business: Manufacturing of pneumatic conveying equipment
Trade classification: Engineering
Date of appointment of administrative receiver(s): 15 December 1989
Name of person appointing the administrative receiver: Barclays Bank plc
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ

PRIMOGRAPHIC LIMITED

Registered number: 2110868
Nature of business: Manufacturing
Trade classification: Printing
Date of appointment of administrative receiver(s): 15 December 1989
Name of person appointing the administrative receivers: Welsh Development Agency
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder numbers 058 and 141) of Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ

VRBC DUNNING DEVELOPMENTS LIMITED (IN RECEIVERSHIP)

Registered number: 811548
Nature of business: Purchasing Land and Buildings
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

BARGATE (SOUTHAMPTON) PROPERTY INVESTMENT LTD (IN RECEIVERSHIP)

Registered number: 516526
Nature of business: Management of Leasehold Property.
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89.
Name of person appointing the administrative receiver: Electra Property Finance Limited
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

DUNNINGS HOLDING LIMITED (IN RECEIVERSHIP)

Registered number: 889343
Nature of business. Property Development
Trading classification: 23
Date of appointment of administrative receiver(s): 15.12.89.
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & AR Stanway
Joint Administrative Receivers
(Office holder numbers 9002/2888) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

THURSLEY ESTATES LIMITED (IN RECEIVERSHIP)

Registered number: 155990
Nature of business. Property Management
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89.
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

MOGUL PLANT LIMITED

Registered number: 1054881
Nature of business: Plant hire an transport and steel fabrication
Trade classification: Plant Hire
Date of appointment of administrative receiver(s): 20 December 1989
Name of person appointing the administrative receivers: Barclays Bank plc
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ

AJ DUNNINH & SONS (WEYHILL) LIMITED (IN RECEIVERSHIP)

Registered number: 183273
Nature of business: Consultant and Designers
Trading classification: 38
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

DUNNING UNDERTAKING LIMITED (IN RECEIVERSHIP)

Registered number: 982912
Nature of business: Funeral Director
Trading classification: 48
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

CLUBS

ART GALLERIES

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
5	6	7	8	9	10	11

THEATRE

London

Jeffrey Bernard is Unwell (Apollo). Brilliant performance by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing, Ned Sherrin directs (437 3663).

The Good Person of Sichuan (Olivier). Magnificent National-Theatre revival by wunderkind Deborah Warner of Brecht's great parable of moral ambiguity about a Chinese prostitute who can only do good by adopting a vicious disguise. If poverty is not combated by political systems, what can an individual's compassion do? Witty new translation by Michael Hofmann. Fiona Shaw leads a fine cast in a play new-minted for the 1990s. Jan 11-18, Jan 29-Feb 3 (928 2252).

A Little Night Music (Piccadilly). Fine revival by Ian Judge, imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour. Christine Baranski leads an ebullient cast.

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Washington

Annie 2 (Opera House). The American theatre is not immune to sequel-itis, which plagues the other arts, and here ordains a return trip to the orphanage for Dorothy Loudon surrounded by 18 sets, 33 actors and one dog. Ends Jan 20 (467 4600).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. The festive new year programmes (at 11am and 4.30pm) at Kabuki-za feature all the top stars, including several Living National Treasures. Among the highlights of the matinee is a famous scene from *Benten Kozo*, whose underworld hero dresses as a lady of rank to carry out a raid. Opens Jan 2 (541 3131). At the National Theatre a triple bill featuring mainly younger actors and including Yanone (The Arrowhead), an evergreen new year favourite acted in the extravagant "aragoto" style. Opens Jan 3 (265 7411). Both theatres have excellent earphone guides in English as well as English-language programmes.

Madame de Sade. Yukio Mishima's most famous play is an attempt at seeing Sade through women's eyes and is given a highly stylised yet intense interpretation (in Swedish) by the Royal Dramatic Theatre from Stockholm, directed by Ingmar Bergman. Tokyo Globe Theatre (360 1151) Ends Jan 13.

OPERA AND BALLET

London

Royal Opera, Covent Garden. The revival of *Der Freischütz* brings back to Covent Garden the production's original conductor, Colin Davis, and leading tenor, René Kollo; the cast also includes Karita Mattila, Judith Howarth, and Hartmut Welker.

English National Opera, Coliseum. The 1987 David Pountney magical production of *Hansel and Gretel*.

Paris

Théâtre de la Ville. The Wim Vandekeybus and Thierry de Mey programme is followed by Jean-Francois Duroure with his improvisations in *Cosmono Nox*. (48875442).

Barcelona

Gran Teatre del Liceu. Lorenzo Mariani's new production of Puccini's *Manon Lescaut*. (318 92 77).

Milan

Teatro alla Scala. Pier-Luigi Pizzi's production of Verdi's *I Vespri Siciliani*, with Kallen Esperian and Chris Merritt, and Roberto de Simone's version of Pergolesi's *Lo Frate Innamorato*. Also a much-acclaimed *Giselle*. (Wed) (809126).

Rome

Teatro dell'Opera. Puccini's *Madame Butterfly* is conducted by Daniel Orem. Raina Kabainvanska sings the title role, with Vasile Moldoveanu as Pinkerton, Alice Baker as Suzuki and Alessandro Cassis as Sharpless.(461755).

Bologna

Teatro Comunale. A highly successful revival of Pier-Luigi Pizzi's production of Bellini's *I Montecchi e I Capuleti*, originally done for Covent Garden. (529999).

Berlin

Opera. *Orpheus in der Unterwelt* has fine interpretations by Mona Seefried, Julia Conwell, Barbara Scherler, David Griffith and Hermann Winkler. *Rigoletto* returns with Mario di Marco in the title role, Gwendolyn Bradley, John Sandor, Carol Wyatt and Viktor von Halem in other parts.

Hamburg

Opera. *Eugen Onegin* is sung in the original language by Olive Fredricks, Katalin Pitti, Daphne Evangelatos, Wolfgang Brendel, Hans Peter Blochwitz and Kurt Moll. *Don Pasquale* is a well done repertoire performance with Hellen Kwon, Paolo Montarsolo, Mikal Melbye and Kurt Streit.

Cologne

Opera. *La Finta Giardiniera* is well sung by Michael Myers, Teresa Ringholz, John la Pierre, Janice Hall, Andrea Andonian and Darla Brooks. *Die Fledermaus* will be conducted by Andrew Greenwood.

Frankfurt

Opera. The week starts with William Forsythe's ballet *Parallax*. *Der Zigeunerbaron* is revived with Adalbert Waller, Willy Mueller, Ryszard Karczykowski, Barbara Fuchs and Sona Cervena, conducted by Volkmar Olbrich. The new *Ariadne auf Naxos* production is sung by Helena Doese outstanding in the title role.

Stuttgart

Opera. The successful Achim Freyer *Freischütz* productionretures with Helena Doese, Toni Kraemer and Helmut Berger-Tuna. *Andrea Chenier* is conducted by Gian Franco Masini.

New York

Metropolitan Opera. James Levine conducts the first seasonal performance of *Cosi fan tutte* with Margaret Price, Tatiana Troyanos, Jerry Hadley and Thomas Hampson in Colin Graham's production. Nello Santi conducts *Turandot*, with Gwyneth Jones in the title role, Aprile Millo as Liu, Vladimir Popov as Calaf and John Macurdy as Timur.

Washington

Washington Opera. Roman Terleckyj's production of *Werther* premieres with Mark Thomsen in the title role and Deidra Palmour as Charlotte, conducted by Cal Stewart Kellogg. Eisenhower (467 4600).

Chicago

Lyric Opera. Barbara Daniels is Rosalinda and Neil Rosenshein sings Alfred in director Giulio Chazalettes's new production of *Die Fledermaus* conducted by Julius Rudel. Lyric Opera (332 2244).

Tokyo

Ballet. *Nutcracker*: Tokyo Ballet, with Yukari Saito, Naoki Takagishi, Miharu Nagai, Yoshiaki Nagahata. Tokyo Bunka Kaikan (725 8888).

EXHIBITIONS

London

The Royal Academy. Inigo Jones, Architect — a full study and exquisite show of the intimate drawings and designs of the greatest of British architects, only excepting Sir Christopher Wren. Jones was architect to James I and Charles I, and Greenwich Hospital, St Pauls' in Covent Garden and the Banqueting House in Whitehall remain to us as his masterpieces. Daily until February 25, except bank holidays.

The Hayward Gallery. The Other Story — an intriguing but uneven survey of the work in Britain since the war of artists drawn from cultures other than that of the western European tradition — weak in its socio-political and historical analysis but often strong in the individual work. Daily until February 4, except bank holidays.

The Barbican. A Golden Age — Art and Society in Hungary 1896-1914: in the light of the current ferment in Eastern Europe, with Hungary very much in the van, it is salutary to be reminded just how active a participant she was in the European cultural commonwealth. In the great age of art nouveau, Hungarian applied art and design was second to none. Until January 14.

National Portrait Gallery. Camera Portraits from the Collection 1839-1989 — a necessarily brisk but delightful and intriguing survey-cum-150th anniversary celebration. Until January 21.

Paris

Grand Palais. Eros. Some 100 vases, marbles, bronzes and jewels dating from Greek antiquity describe most explicitly the vervewith which the god of love encouraged humans and gods alike in their uninhibited pursuit of pleasure. Closed Tue, ends Feb 5 (42896410).

Musée d'Art Moderne de la Ville de Paris. Kupka (1871-1957) or The Invention of Abstraction. The subtitle of the vast retrospective sums up the progress of the Czech-born artist from Vienna-inspired symbolism to non-figurative canvases where glorious colours acquire a life of their own. 11 Avenue President Wilson, closed Mon, ends Feb 25 (47238127).

The Louvre. Arabesques et Jardins de Paradis. The beauty and richness of nature is a leitmotiv which runs through Islamic art from Spain to India, from the 8th to the 18th century. Over 200 exhibits, miniatures and manuscripts, textiles and ceramics show the unifying force of this inspiration which ranges from the decorative to the symbolic. Yet the traditional style of each of the Islamic countries adds a specific colour to nature's interpretation. Closed Tue, ends Jan 15 (40205317).

Photography. To mark the 150 years since the birth of photography the Centre Pompidou speaks of the invention of an Art, the Musée d'Orsay stresses its modernity (Quai Anatole France), Archives Nationales recount the genesis of this invention (60, rue des Francs-Bourgeois), Musée Carnavalet shows Paris daguerreotypes (31, rue des Francs-Bourgeois), while the Centre National de la Photographie uses chronology to teach its history (Palais de Tokyo, 16 ave Président Wilson).

Brussels

Palais des Beaux-Arts. Ludwig Wittgenstein and his influence on twentieth century art. Closed Monday, ends January 28.

Galerie Isy Brachot, 62a Avenue Louise, works of Joseph Buys. Closed Monday ends Feb 17.

Musée Horta 25 Rue Americaine, posters by the 19th century Engraver Armand Rassenfosse in the Atelier of Horta's splendid house/museum. Closed Monday ends Jan 14.

Musées Royaux des Beaux-Arts. Seventeenth century flower paintings; a selection from the museum's collection of Flemish and Dutch masters. Closed Monday; ends Feb.

Rome

Galleria Nazionale Dell'arte Moderna. Bertel Thorvaldsen (1770-1844). Sculptures, reliefs, portrait busts and drawings by the prolific and talented Danish artist who spent nearly 40 years of his working life in Rome. Neoclassic in style, his works are heavily romantic, but with a purity and simplicity of line which holds them just short of sentimentality. Ends Jan 28.

Braccio di Carlo Magno (St Peter's). Russian icons. Over 100 icons of superb quality in an exhibition organised jointly by the Soviet Ministry of Culture and the USSR-Italy Association. The icons date from the 13th to the 18th century. Ends Jan 30.

Milan

Palazzo Reale. Fernand Leger retrospective: includes over 150 works — paintings, watercolours and book illustrations. Ends on Feb 18.

Madrid

Caja de Madrid. Raoul Dufy. Works by French fauvist, well known for his lively use of colour and interest in varied forms of art, are on show in Spain for the first time. The exhibition includes paintings, watercolours, drawings, ceramics as well as fabric design, belonging to private collections and museums. Ends Jan 26.

Centro de Arte Reina Sofia. Antonio Saura. Seventy works by the Spanish artist painted between 1956 and 1985. The exhibition focuses on four main themes: Ladies, Crucifixions, Goya's dogsand Multitudes. Ends March 19.

Palacio de Velazquez. Art in Latin America. The exhibition analyses the sources and development of art in Central and South America, from the wars of independence through to the present day. Ends March 4.

Frankfurt

Kunstverein, Markt 44. The Frankfurt Kunstverein is the first stop on a European tour of the works by the American sculptor Louise Bourgois. After nearly 20 years unknown, she had her first retrospective in New York in 1983, organised by the Museum of Modern Art. The museum's director Mr Weiermair has organised the biggest retrospective to date with 120 sculptures and some early paintings by Louise Bourgois, now aged 77. Ends Jan 28.

Schirn Kunsthalle, Am Römerberg 6. The Surrealists. Around 500 paintings, drawings, photos and objects are on display with works by Masson, Tanguy, Man Ray, Tanning and Ernst. Until Feb 18.

Hanover

Sprengel Museum, Kurt-Schwitters-Platz. Der blaue Reiter (The Blue Horse). This museum is displaying around 61 pieces from its own collections as well as some additional paintings on loan from East Germany and by other artists who belonged to the same Munich-based group. Works by Wassily Kandinsky, Franz Marc, August Macke, Alexej von Jawlensky, Gabriele Münter and Marianne von Werfekin can be seen until Feb 11.

Kestner-Gesellschaft, Warmbüchenstrasse 16. A retrospective of the Spanish painter Joan Miro (1893-1983), with around 120 works on loan from Spain. Ends Feb 19.

Cologne

Museum Ludwig, Bischofsgartenstrasse 1. The most comprehensiveretrospective on Andy Warhol, who died in 1987, with around 160 pieces from New York. They can be seen only in Cologne until Feb 11.

Munich

Städtische Galerie im Lehmbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date with almost 370 works from 70 private and public collections. After the Kirchner and Heckel exhibitions, this is the third significant project from one of the founding members of the Brücke group. Schmidt-Rottluff, who died in Berlin in 1976, was strongly attacked during the Nazi years.

Vienna

The Kunsterhaus is host to Mercury and the Muses, a vast collection of artifacts, documents and objects from Leipzig, on display for the first time. The collection, ranging over four millennia, contains treasures from Ancient Egypt, Greece and Rome. The exhibition also contains European painting from the middle ages to the 19th century, including works by Casper David Friedrich. Ends Feb 18.

Museum for Applied Arts is hosting a large exhibition devoted to the works of Carlo Scarpa, the Italian artist and architect. The theme is focusing on "The Other City". Until Jan 15.

New York

Pierpont Morgan Library. The library's superb collection on Gilbert and Sullivan, including autograph scores and libretti, letters and memorabilia, is the centrepiece of this exhibit, the most comprehensive ever mounted on the Vicortian operetta masters with more than 400 items on view. Ends Feb 18.

National Academy of Design. More than 160 objects from the Fitzwilliam Museum in Cambridge are making their way round America, giving a sampling of objects and paintings, among them works by Titian, Peter Paul Rubens and Renoir, under the theme of the increase of learning and other great objects. Ends Jan 28.

Metropolitan Museum of Art. A major exhibit of the works of Canaletto brings alive scenes of Italy in its secular glory. Though many are familiar, the exhibit makes the artist's vision a breathtaking panorama with touching attention to detail. Ends Jan 21.

Museum of Modern Art. Covering only eight years, from 1907 to 1914, Picasso and Braque: Pioneering Cubism consists of more than 350 works of the two artists during their fruitful collaboration before Braque left for war. Ends Jan 16.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

National Gallery. Almost three dozen paintings of the early 20th century German movements, Bauhaus, Neue Sachlichkeit and Blaue Reiter, lent by the Thyssen-Bornemisza collection, make a telling commentary on a part of the world again at the centre of attention internationally.

Tokyo

Bunkamura, The Museum. Major works from the Detroit Art Museum. El Greco, Goya, Rubens, Manet, Degas, Cezanne, Matisse, Picasso etc., more than 100 paintings from one of the largest public collections in the US. Closed Mondays.

Sezon Museum of Art, Ikebukuro. Andrew Wyeth: Helga. A selection from the many paintings and sketches Wyeth made of his favourite model over a 15 year period and not revealed to the world until 1986. A secret obsession or commercial ruse? Closed Mondays.

Suntory Museum. A selection of works from the museum's collection of Edo period artifacts: combs, ornamental hair pieces, exquisitely lacquered, make-up sets etc. The museum also has a tranquil library and a tea ceremony room to relax in.

Andreas Schmidt

WIGMORE HALL

The world seems suddenly rich in fine young Lieder baritones (and all of them regularly appear at the Wigmore Hall – one more reason to consider it London's most valuable concert hall). Andreas Schmidt, the young German who sang there on Wednesday, is already among the most prized, since his artistry is of a very special sort.

His lyric baritone is darker in colour than that of his German coeval, Olaf Baer, and richer in texture than that of his teacher, Fischer-Dieskau. It is wonderfully beautiful: the tone flows, unstrained and unforced, across a wide compass and dynamic range, the phrasing is at once effortlessly musical and wholly free of arty device.

In a programme devoted entirely to Schubert and a clutch of Wolf's Goethe settings, one noted the marks of the master not in any immature reproduction of F-D interpretation, but in Mr Schmidt's diction, which presses both light and deep on every syllable and brings together notes and words with aristocratic refinement. To hear a German singing with mastery in his native language is to be reminded once again what a marvellous vehicle for singing that language can be.

This artist's concentrated beauty of tone and line seems bound up, as it should be, with the style of his Lieder singing: he is a contained performer, who prefers understatement, reserve, glancing hints of drama to anything more assertive or obviously colourful in the way of detail. In Schubert songs requiring easy physical ebullience, a sense of al fresco exhilaration, this fixed a certain limitation on the listener's enjoyment. "Der Zwerg," too, was subtle and low-keyed where it called for a touch of melodrama – though it was admirable and even rather brave of a young singer to eschew large effects entirely rather than faking them.

But in "Der Einsame" he was in his element, flicking tender, humorous inflexions off notes and rhythms with maximum eloquence, and inspiring Geoffrey Parsons at the piano to do the same (or vice versa: Mr Parsons was at his incomparable best). And in Wolf – notably the three "Harper" songs from *Wilhelm Meister*, uttered with quiet, searching melancholy, a magnificent "Prometheus," and a superbly in-turned, fine-shaded "Grenzen der Menschheit" – the match of performer to material seemed ideal. To witness Mr Schmidt's development in the field of Lieder promises to be a joy and a privilege.

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The previous evening in the same hall the Duke Quartet, a young English group of enormous promise, tackled a big programme – the third quartets of Britten and Tippett, Schubert's "Death and the Maiden" – with impressive confidence and panache. The Tippett work was powerfully achieved: the sense of youthful exuberance in the playing answered the musical needs most – satisfyingly. In Britten and Schubert the Duke have still to discover to the full how to be spaciously lyrical; to make *every note – and every pause* – telling: both composers suffered a certain breathlessness. Here, too, further artistic development offers exciting prospects.

Max Loppert

Some patchy and volatile nights at the opera

The year ended with the Arts Council in an axe-wielding mood. Max Loppert looks back at 1989 with mixed feelings

The operatic news report of 1989 is dominated by the event which provided the year's Big Bang finale: the Arts Council's decision, last month, to withdraw its subsidy from Kent Opera, the largest operatic touring company in Britain. I protested about that in the Weekend FT of December 23 and shall therefore spare the reader further splutters of outrage. But the decision does have the side-effect of casting a new and rather uncomfortable light on the activities of the other main British opera companies, not all of whom have shown themselves in prime condition during 1989.

Last year at this time I celebrated what then appeared to be distinct signs of artistic regeneration at the Royal Opera. What a difference a year makes. The bright sheen of optimistic promise, the determination to lift the house out of the slump of previous years, seemed to go from the programme of the house's new regime. I still retain the hope that its disappearance is only temporary – but by the end of the year a fair amount of pure faith was needed. "Patchy and volatile" is the phrase used by the Arts Council to describe Kent Opera's recent artistic record – and my goodness, if one wants a demonstration of the sense of those epithets, one has only to examine the record of new Royal Opera productions during 1989.

I read the Royal Opera scorecard thus. There was one wholly positive achievement – Graham Vick's glittering, glamorous, quite awesomely intelligent and well-defined staging of Berio's *Un re in ascolto*, a work that elsewhere my colleague Andrew Clements has deemed a "landmark" in 20th-century opera, and one which (on three visits) simply dazzled and overwhelmed me with its beauty, wit, sumptuousness of vocal and instrumental sound, and poetic richness of content. This stands as the year's highest operatic peak, an experience that extended the boundaries and possibilities of the medium by returning to explore its roots in Italian lyricism. When shall we hear and see it all again?

Two bought-in stagings, *Albert Herring* from Glyndebourne and *Die Walküre* from Berlin, were both decently re-created – the Wagner so splendidly conducted by Bernard Haitink and played by the ROH orchestra as regularly to sweep the listener's senses above and beyond the depressing grey confines of Götz Friedrich's "time-tunnel" concept.

And – this is the crucial part, alas – there were four wholly home-grown stinkers. *Così fan tutte* (full of sour knockabout, inadequately cast) and the hideous "critical" treatment i.e. discontinuous in style and crassly insensitive in musical response, of *Idomeneo*, two further episodes in the increasingly unwelcome Mozart collaboration of Johannes Schaaf and Jeffrey Tate; the unconscionably boring, clumsy, and (from the look of it) costly *Trovatore* staging by Piero Faggioni, the house's Principal Guest Producer (for how much longer?), with Haitink an un-electrifying conductor and an ill-chosen cast honourably led by Placido Domingo; and Cherubini's *Médée*, in all of British opera easily the year's most spectacular disaster. (The strained singing of Rosalind Plowright, here and also in *Il trovatore*, was a cause of deep sadness.)

Against all that, there was a sense of solid, unflashy groundwork in revivals (the last appearance of the Visconti *Don Carlos*, the Tate-conducted *Rosenkavalier*, the Haitink-conducted *Figaro*, the return of Colin Davis for exceptionally satisfying accounts of *La clemenza di Tito* and *Der Freischütz*) that made the situation, if anything, yet more "patchy and volatile."

John Cox's brief as overseer was admirably fulfilled in the jolly reworking of *Die Fledermaus*, with a bright new John Mortimer translation and sparkling performances from Griff Rhys-Jones, Thomas Allen, and Carol Vaness (who offered gloriously full-toned singing and handsome presence, in Strauss and also in both *Tito* and *Figaro*). Other performers I recall with special gratitude during the year are Katia Ricciarelli (so vulnerable and touching in *Don Carlos*), Anne Sofie von Otter as a Sextus of velvet voice and irreproachable style (in *Tito*), Jerry Hadley as an elegant *Rigoletto* Duke, James Morris's superlative singing as Wotan, and the entire cast of Berio's opera, magnificently led by Donald McIntyre.

While on the subject of "patchy and volatile," what on earth is going on at Welsh National Opera? This was the company that not long ago regularly shone the torch ahead, set all the British trends; it did not look or sound that way in 1989. A set of dim new productions (a silly re-jigging of *Ariadne auf Naxos*, a facetious *Seraglio*, a hopelessly blank "re-think" of *Der Freischütz*) plus an appealing but modestly sung *Sonnambula* (I caught up with it on the WNO tour, and found myself liking Helmut Polixa's dream-landscaped production much more than most of my colleagues had at Cardiff) – none of this was exactly stirring stuff.

The presence of Charles Mackerras as conductor ensured the excitements of the *Frau ohne Schatten* revival; at other times (in *Ariadne*, for instance) he gave the impression of being on a superior version of conductor's auto-pilot – very superior, since it was Mackerras, but still not quite up to scratch. Audience numbers appear to have dwindled both during the Spring tour and the recent London visit. How much was overall money shortage to blame? People who know and care about opera at all levels of performance achievement know too that companies can undergo low periods as well as buoyant ones, and that the situation can change from one to the other without warning or simple explanation. It's a point the Arts Council would do well to ponder the next time it's in axe-wielding mood.

My three visits to Scottish Opera produced similarly mixed fare. The best was Richard Jones's triumphant staging, at once wryly surreal and narratively faithful and simple, of *Das Rheingold*, lyrically conducted by John Mauceri, and with Willard White, Felicity Palmer, and Bonaventura Bottone leading an excellent group of British Wagnerians (the next episode of this *Ring* comes in 1991, too long to wait). The good-to-middling was the British opera-house première of Weill's *Street Scene*, in the fussy David Pountney production that was taken on by ENO later in the year: I love the work with a passion, but regretted its failure, essentially production-caused, to come across at full strength. The rather tedious was Di Trevis's staging of *The Merry Widow* – not bad, but in this yawn-making work not bad isn't good enough.

By contrast, it was on the whole a brilliant year for English National Opera. One may not have welcomed unreservedly every new addition to the repertory (e.g. Reimann's barren, brutalist *Lear*) or admired every chosen production style (e.g. David Pountney's acutely self-conscious staging of *Falstaff*). Yet in almost every case, and even after episodes of doubt or regret, one ended up saluting some aspect of the decisive, convinced company execution – in *Lear* it was the no-holds-barred singing from the entire cast, in *Falstaff* the ebullient vocal ensemble under Mark Elder. Only the new *Onegin* – produced by Graham Vick, conducted by Elder – seemed to me an insufferably arty, enervated mess; and even then there was the consolation, albeit at a late stage, of Norman Bailey's unforced, effortlessly affecting Prince Gremin.

There were successful revivals of *The Turn of the Screw* (with Gillian Sullivan and Robert Tear), *Don Giovanni* (conducted by Jane Glover), and *The Magic Flute* (especially when Joan Rodgers joined the cast as a shining Pamina). The later performances of *Street Scene* were graced by a notably touching, strongly-sung Mrs Maurrant from that under-used dramatic soprano Phyllis Cannan (who also unleashed on the house a tremendous *Lear* Goneril). The London run of *The Love for Three Oranges*, in the Richard Jones staging first shown in 1987 by Opera North, continues in repertory as I write, and is a comic-opera experience of hilarity and pleasure quite unconfined.

Alastair Muir

Brilliant year for the ENO: David Alden's surreal staging for Verdi's 'A Masked Ball'

Most talked-about, and rightly so, were the new productions of *A Masked Ball*, surreal, filled with film-noir menace and dream-world symbolism, and *The Return of Ulysses*, which set out to forge a link between the worlds of Homer, Monteverdi, and our own day. By David Alden's Verdi staging I was held in a state of mesmerised fascination, sometimes puzzled or troubled, always grappled to the stage. By David Freeman's luminously fresh and uncluttered one of Monteverdi I was profoundly stirred and moved – the seamless knitting into the dramatic experience of Paul Daniel's small period-instrument band and the blazing passion of Anthony Rolfe Johnson as Ulysses (surely the performance of his career) were in no small part responsible for the emotional power of the evening.

A company that can bring all this off is, indeed, an artistic enterprise with its priorities in proper order. Four visits to Opera North – for Massenet's *Manon* (in another delectable Richard Jones production, with Helen Field in the title role), *Figaro*, *La finta giardiniera*, and *Show Boat* – left a similar impression of sound health. The still undervalued early-Mozart opera, in spite of the first-night alarms and excursions of stage-management suffered by Tim Albery's production, was delivered with extraordinary wit, time-travelling sophistication, and sympathy with words and music. And Ian Judge's production of *Show Boat*, a joint venture between Opera North and the RSC, is already a run-away hit; at the same time it undertakes a strictly serious exercise in artistic revaluation. Sally Burgess (Julie), Bruce Hubbard (Joe), and Karla Burns (Queenie) are worth crossing oceans to see and hear.

In a year of so many superlative individual examples of the operatic singer-actor's art, I must still single out the Kostelnicka of Anja Silja in Glyndebourne's new *Jenufa*: this was one of the great performances of our day, and of festival history. The intensity of Silja's every utterance and gesture was searing, the moral focus unflinching and at times very nearly unbearable; and yet what one recalls most is the naked honesty of her bearing and vocal delivery, the stillness, the animal directness. Altogether Silja raised a fine, noble performance to heights that even Glyndebourne audiences must have found exalted.

The festival's first "period-instrument" *Figaro* was conducted by Simon Rattle and produced by Peter Hall, a collaboration of which great things had been expected. In the event, it was a disappointment. The twee, orchestrally stodgy return of Gluck's *Orfeo* was something worse (in spite of Diana Montague's rapt presence and pure singing) – when, for heaven's sake, is Glyndebourne going to tackle this composer with the devotion and stylistic single-mindedness he deserves?

But balance was restored by the 1981 Britten *Dream*, which came back to remind us of Sir Peter's halcyon days as an opera producer, by Felicity Lott and the cast (superbly moulded into an ensemble) and conductor (Graeme Jenkins) of a masterly *Arabella*, and by *The Rake's Progress* – Glyndebourne at its characteristic best. Mr Jenkins, chief conductor of Glyndebourne Touring Opera, set off the autumn stint of the younger-sibling company with a new look at Britten's *Death in Venice*: at once hard and tender, scenically not always ideal, but musically vigorous and gleaming, and led by Robert Tear as a lucid, eloquent, un-Pears-like (in the best sense) Aschenbach.

Other British opera travels took me to Manchester, and the Royal Northern College, for some impressively high-calibre Handel (*Alcina*) and Janacek (*From the House of the Dead*); to Belfast for Opera Northern Ireland's dapper, stylishly Gallic *Faust*; and to Birmingham for a WNO concert account of Janacek's *Osud*, in which Mackerras and company struck the sort of heaven-storming form one always expects of them.

In London it was a year of notably worthwhile concert opera. Rimsky-Korsakov's *Mlada* was given in hues of many colour by Michael Tilson Thomas and the LSO; the Orchestra of the Age of Enlightenment's Cherubini *Médée* served to introduce Elizabeth Connell's fiery heroine (pity we were denied her at Covent Garden); and for Massenet-lovers – a discerning and hardy group, unfazed by the mockery of the unconverted – Chelsea Opera Group mounted *Thaïs*, wonderfully well conducted by Michael Lloyd and sung by Elizabeth Gale and Anthony Michaels-Moore.

Abroad, I was privileged to attend the English Bach Festival's brave Monte-Carlo staging, in careful "period" style, of Gluck's *Alceste*. At Drottningholm, the summer festival launched a four-part Gluck cycle with a tremendous account of that enthralling and still gruesomely undervalued Grand Opera *avant la lettre*, *Iphigénie en Aulide*. (The death of its producer, Göran Järvefelt, a few months later of an inoperable brain tumour at the age of 42 was one of the operatic tragedies of the decade.)

Vienna put on a once-in-a-lifetime *Khovanshchina*, conducted by Abbado and sung by Russian visitors with incomparable grandeur. At the New York Met in April a *Ring* cycle of determined traditionalist theatrical style was possessed of some musical merit – James Levine's orchestra played superbly – but little dramatic life or interest. The July 14 Paris unveiling of the Bastille Opera amid bicentenary ballyhoo proved an occasion for both excitement and trepidation (the acoustics in the Grande Salle gave grounds for real alarm).

On the water's edge of Lake Constance the Bregenz Festival set in motion a David Pountney-Stefanos Lazaridis version of *The Flying Dutchman* of stupendous stagecraft and imaginative resource, a festival outing impossible to duplicate anywhere else in the world. The death of Herbert von Karajan 11 days before the start of the 1989 Salzburg Festival cast a large shadow over every Salzburg event; Georg Solti nobly took over the *Ballo in maschera* which Karajan was to have conducted, a super-luxurious spectacle of amazing mindless vulgarity made just bearable by Domingo, Leo Nucci, and the ever-remarkable Josephine Barstow (much missed in London during 1989: her only appearance was in the ENO *Makropoulos Case* revival). One looks forward to the post-Karajan era at Salzburg with considerable curiosity – and *optimism*.

A death that will have affected opera-lovers of all sorts and nations was that of John Pritchard (who this summer undertook another act of Salzburg rescue, by stepping in to conduct *La Cenerentola*). Not always the most energetic of opera-house musicians, he was a musician of extraordinarily various gifts, loved by singers and players alike: and on the right night – in, say, *Figaro* or *Così*, *Capriccio* or *Intermezzo*, or Rossini and the bel canto Italians – he had few opera-conductor equals. He is much mourned.

The last word of 1989 must be reserved for that unquenchably youthful-spirited octogenarian genius, Michael Tippett. The première at Houston of *New Year*, his fifth opera, was exhilarating: it's a short, punchy piece, full of exuberant invention, dramatically purest Tippett in its mixture of realism and fantasy, and utterly unstaled by tiredness or easy self-repetition. It comes to the 1990 Glyndebourne Festival, where it will no doubt receive a more sleekly virtuoso reading – the Houston company appeared to find Peter Hall's elaborate production a stumbling-block to musical confidence – and where Helen Field's radiant heroine should blossom even more rapturously.

New Year is an artistic outpouring of honestly found optimism. It seems to me the ideal work to provide an operatic bridge between the decade just ending and the one about to begin. I can hardly wait to hear and see it again.

Alastair Muir

Covent Garden's one positive achievement: Graham Vick's glittering production of Berio's 'Un re in ascolto'

ARTS GUIDE January 5-11

MUSIC

London

Royal Philharmonic Orchestra conducted by Kazuhiro Koizumi, with Hiromi Okada (piano). Tchaikovsky, Rossini and Beethoven. Barbican Centre (Fri).
National Youth Orchestra of Great Britain conducted by Edward Downes, with John Lill (piano). Prokoviev, Rachmaninov and Dvorak. Barbican Centre (Sat).
English Chamber Orchestra conducted by Marcello Viotti, with Stephanie Gonley (violin). Mozart, Mendelssohn and Schubert. Barbican Centre (Thur).

Paris

Orchestre Colonne conducted by Vitaly Kataev, with Philippe Entremont (piano). Berlioz, Rachmaninov (Mon). Théâtre des Champs Elysées (47203637)
Francois-Rene Duchable, piano recital (Tue). Salle Gaveau (45632030)
Ruggero Raimondi accompanied by the Moscow orchestra of Tchaikovsky's Academy of Music (Wed). Opéra de la Bastille (47048115/47048893)

Brussels

Belgian National Orchestra conducted by Ronald Zollman with Imogen Cooper (piano). Beethoven (Sun). Palais des Beaux-Arts.
Belgian National Orchestra conducted by Ronald Zollman, with Heinrich Schiff (cello). Liadov, Shostakovich and Stravinsky (Thur).Palais des Beaux-Arts.

Milan

Teatro alla Scala. Recital by bass Paata Burchuladze singing Tchaikovsky Glinka, Rachmaninov and Mussorgsky (Mon) (809126).

Rome

Carlo Maria Giulini conducting Brahms' German Requiem, with soprano Barbara Hendricks and baritone Andreas Schmidt. Auditorium in via della Conciliazione (Sat-Tues) (6541044).

New York

New York Philharmonic, Zubin Mehta conducting with Pinchas Zukerman (violin). Haydn, Neikrug, Sibelius (Tue); Zubin Mehta conducting Beethoven, Haydn, Weber, Bizet-Waxman (Thur). Avery Fisher Hall (874 6770).

Washington

National Symphony Orchestra conducted by Mstislav Rostropovich. Tchaikovksy (Thur). Kennedy Center Concert Hall (467 4600).

Chicago

Chicago Symphony Orchestra conducted by Myung-Whun Chung. Bartok, Dvorak, Prokofiev (Thur). Orchestra Hall (435 6666).

Tokyo

Japan Philharmonic Orchestra conducted by Ken-Ichiro Kobayashi, with Asako Urushihara (violin). Dvorak, Tchaikovsky. Suntory Hall (Mon) (234 5911).
Wiener Johann Strauss Orchestra conducted by Alfred Escher, with Helen Donath (soprano). Strauss. Suntory Hall (Wed. Thurs) (403 1290).

Laurie Booth

ICA THEATRE

The setting is null – the grey brick area of the ICA Theatre, which has always seemed more like a pretentious garage than a location for performance. Laurie Booth, now bearded, in grey singlet and trousers, alone. A "sound installation" by Hans Peter Kuhn, which means assorted noises. Brilliant lighting, by Booth, proving that a few lamps and a lot of imagination are all that is needed for decoration to stimulate an audience's perceptions and make a world for us. And Laurie Booth's own prodigious command of movement and his no less admirable ability to shape choreography that is dramatic, beautiful, intense in expressive means, rich in ideas.

For an hour on Wednesday night, Booth took us on a journey. He names this new piece – a reworking of dances he made last summer in New York – *Well Known Worlds*. But though we may recognise the provenance of certain attitudes – Indian dance; T'ai Chi; even Zapateado – the text seems more like a pilgrimage whose externals are far less interesting than the inner life, the spiritual perceptions, that fire and shape the movement.

Booth is an astonishing virtuoso, his dance manner marked by exceptional control. Poses can melt slowly into curves and give way to sinuous prestissimos of activity; he has a master's command of physical tempo and of nuances of gesture. He walks, stamps, runs, lies prone, toys with balance, gazes motionless at us, and everything is potent dance. Movement forms are stated, mutate, repeat, yield up their possibilities in a dense fabric of dance invention.

Yet this can seem but a carapace covering some more powerful contemplative world. Booth's use of poses from Hindu dance, the force of his personality and the commanding presence established by the movement, lead the viewer on to considerations about the spiritual traditions of dance as a means of worship and of purification.

By the evening's end, Booth has seemed like a seeker after truth whose voyage of discovery we have shared (without, alas, arriving at his state of understanding). We have, in the process, watched a performer touched with greatness, entirely sure in his physical and creative means. Amid the fatuities and flimsiness of the New Dance, Laurie Booth is a masterly performer and a maker of vividly theatrical dances. His appearances continue until Sunday.

Clement Crisp

FINANCIAL TIMES

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Troops out, dollars in

THE US has got away with its invasion of Panama, but without grace and not without damage to some good principles of international law and behaviour. The surrender yesterday of General Manuel Noriega at least has the virtue of ending the first stage of the latest, and very uncomfortable, episode of American intervention in its own backyard.

The second stage, both in Panama itself and in the US, is going to offer no such clinical triumphs. It is now incumbent on the US to do all it can to restore some measure of viability to the Panamanian economy and to give substance to the claim, repeated again yesterday by President Bush, that it acted to restore genuine democracy. Panama may only have 2.2m people, but both are, relatively, monumental tasks.

It matters less whether the rule of Noriega or the US Government, through boycott and invasion, did more harm to the livelihood of Panamanians than that the US should acknowledge its clear moral responsibility for reconstruction. After all, Noriega was, to paraphrase FDR's dictum, "our son of a bitch" for a number of years.

Golden age

So was, off and on, the charismatic but hardly democratic Gen Omar Torrijos, but his rule, from 1968-81, is now seen as something of a golden age in recent Panamanian history. Under his tutelage, Panama developed a thriving offshore banking business and a big free trade zone, which together accounted for a quarter of gross domestic product. It derived a decent income from shipping flying the Panamanian flag of convenience. The service economy flourished above and beyond the needs of the canal. Health and welfare facilities were much improved, there was even some redistribution of income and a sense of Panamanian identity began to emerge. And Gen Torrijos had the army behind him. For these reasons, Panama did not suffer the convulsions of Nicaragua and El Salvador, much to the relief of the US.

This infrastructure is now in severe disrepair. The prosecution of Noriega on narcotics charges makes it unlikely that the US would countenance the creation of another offshore banking centre through which drug money could be passed. The free trade zone has fallen on hard times, and so, though probably only for the short term, has the flag of convenience business. The invasion inflicted much physical damage to the capital.

But even the withdrawal of US troops from the streets of Panama and the expected avalanche of US cash, credit and expert advice may not be enough to justify President Bush's claim that he acted in part to restore democracy. For that to take hold, critical decisions on the future will have to be taken by Panamanians themselves; the question is which Panamanians.

Legitimate regime

The Endara Government can reasonably claim legitimacy. He beat a Noriega stooge in free elections last summer ignored by the General. It would not be fair to pass judgment on its actions, such as they were, in the extraordinary circumstances of an occupation. But it will be perceived, inside and outside Panama, for some time as a puppet regime. The army, which sustained for good and ill the last two regimes, is no longer a force for stability. With so little history of effective democracy in Panama, there is a risk that the present Government will come to resemble the inept oligarchy that preceded Torrijos.

For Mr Bush, too, some of the lessons of Panama will take time to digest. The lack of widespread international support for the invasion should remind him that the US has not been given a mandate from the world to go about "restoring democracy" wherever it chooses. Moreover, convicting Noriega in the US courts is going to be no easy matter.

As an exercise in regional hegemony by the American superpower the Panamanian adventure has achieved its stated objectives; an unpleasant dictator has been removed and the prospects for democratic government enhanced. But there are costs still to be counted, not least in the impact on the standards of behaviour which should govern relations between states.

No way out of Nupe's trap

THE BRITISH Government has painted itself into a corner in its dispute with five public sector unions over ambulance workers' pay. There is no way out that is not damaging, either to the counter-inflationary strategy, or to perceptions of the political competence of the Secretary for Health, Mr Kenneth Clarke, or to the image of the Government as one in whose hands the National Health Service is safe.

Skilful tactics, and an emollient appearance on television, have earned public sympathy for the chief union negotiator, Mr Roger Poole of the National Union of Public Employees (Nupe). Clumsiness, and an unfortunate use of terminology, have had the opposite effect on the popularity of Mr Clarke. Opinion polls have indicated overwhelming public support for the ambulance workers, leading a number of Conservative backbenchers to question the wisdom of the Government's stance.

Staff ballots

The contrast in the presentational abilities of the two leading protagonists is, however, only part of the story, which begins with a strategic decision by the unions to focus public attention on the 6.5 per cent pay offer made to the ambulance workers for the year beginning April 1 1989. This was in line with offers accepted by most of the non-professional workforce of the National Health Service and, indeed, by Nupe's own negotiators on behalf of the half of the ambulance crews it represents. Yet staff ballots repeatedly rejected the offer, and, on September 13, the five representative unions combined to support disruptive actions, which are still in effect. The cause of this upsurge of feeling was the erosion, over a period of three years, of the previous parity between the pay of ambulance crews and firefighters.

A sensitive management, in close touch with its employees, might have seen the dispute coming. Since it began there has been much talk of differentiating between highly trained staff and members of crews whose principal job is driving patients to and from hospitals. To be fair to the Government, Nupe is likely to have rejected any early proposal for a "two-tier" service out of hand – but then, properly put, the case for such a sensible evolution might have won some public support from the beginning. The initial offer was said to be worth more to London staff, but this weighting was not argued in terms of its ability to attract quality staff. The intense feelings generated by ambulance crews' comparisons of their own roles with those of firemen and the police – all termed "emergency services" by the unions – could not be headed off.

Final offer

Matters worsened as railwaymen and local government workers received 8.8 per cent-plus after a summer strike, and formulas linked to average earnings gave firefighters 8.6 per cent and the police 9.25 per cent. Shortly before Christmas Mr Clarke recast the basic offer to the ambulance crews, making it 9 per cent over 18 months, plus bonuses for qualified paramedics. This is now said by the Government to be its final offer.

The Government should not have allowed itself to fall into this trap, but now that it has it has little option but to stick with the money it has put on the table, and take the political consequences. If it does not a pattern might have been set, first by the railway strike and latterly by the ambulance crews' disruptions, which would lead to further, demands by the public sector unions.

That said, it is unfortunate that the ambulance workers have been caught in the firing line. They are low-paid and deserve, at the least, opportunities to do better. Much could be done in planning the remuneration to be offered this year, particularly if thought is given to a new pay structure based on acquired skills. There is a case for regarding the highly qualified among them as emergency workers, thus linking their pay to average earnings, in return for a no strike deal. The quality of Britain's public services will not be increased while financial rewards depend on the uncertain impact of the popularity of different groups of workers and their willingness to inconvenience the public.

Roger Matthews reports on the Vietnam that awaits repatriated boat people

The socialist pursuit of profit

To espouse Marxism-Leninism while practising Thatcherite monetarism and to advocate the importance of a market economy while declaring the inevitable victory of the proletariat might not seem an easy or logical path for any government to choose. But Vietnam has never been one for the soft option.

Any developing country which in little more than 20 years defeated the armies of both France and the US might be forgiven for trying to perform as an encore the economic equivalent of walking on water. There is, at the most senior level in Vietnam, something akin to incredulity that a nation which achieved so much on the battlefield should be failing to match the economic performance of other lesser countries in the region.

The comparisons they make are not unambitious. There is no talk in Hanoi of trying to perform better than other nations which have a gross national product per capita of around $200. Vietnam wants to be a proper tiger like Taiwan or South Korea, although it might settle temporarily for the status of a Malaysia or Thailand.

The septuagenarian leadership believes still that there is nothing basically wrong with the system. After all Marxism-Leninism as practised under Uncle Ho (Ho Chi Minh) in what was then North Vietnam, delivered almost everything a revolutionary society could desire and was a beacon of hope to other peoples around the world. But, since the defeat of the French and the Americans and the reunification of the country, very little seems to have gone right for Vietnam.

The Communist Party of Vietnam has not, like ruling parties in the West, tried to put the best face on a bad job. It has reviled itself, indulged in an orgy of self-criticism, boasted about the achievements of socialism elsewhere in the world, and viewed with deep suspicion "imperialist plots" to undermine the brotherly parties of eastern Europe, while taking the first tentative steps down a path which has familiar aspects to anyone who has lived in Britain since 1979.

As part of the programme of restructuring, the inefficiency of centrally planned state industries has been castigated. A government report published this week confesses that these industries have displayed embarrassing inefficiency since losing subsidies and monopoly rights. "Cumbersome and inefficient managerial mechanisms and outdated technology" are blamed. The report adds that although the hard times peaked in May last year a third of state-owned industries still "cannot make it."

Managers have been instructed to operate their factories profitably, to find out for the first time what their customers want, to improve productivity, to concentrate on quality, and to get rid of surplus labour. So unemployment has soared, officially to 20 per cent but probably much higher. And interest rates have been pushed up to 12 per cent a month, to squeeze inflation from over 400 per cent a year to probably close to 20 per cent this year.

In Hanoi, a decaying architectural jewel of a city, the visual changes which have taken place over the last two years are striking. Many men of working age are idling on the streets but small-scale capitalist activities, hitherto unknown, have mushroomed. Anyone, it seems, who has a room with access to the street has turned it into a three-table cafe or a shop which might have nothing more to sell than five packets of cigarettes.

Small stalls abound on the pavements, lit at night by tiny oil lamps. An elderly gentlemen, looking not unlike Uncle Ho, crouches by his stall, obeying the first rule of having something to sell, but after three days still not finding a buyer for his two dog-eared copies of Tarzan magazine.

Other stalls perversely offer lighter fuel alongside disposable lighters. Entire streets are given over to a particular product: so there is shoe street, inner tube street, tyre street, wellington boot street, and cigarette street, all charging prices subject to the laws of supply and demand.

Competition is also emerging in the service industry. At the Sofia restaurant, an improbable joint venture between the Bulgarian and Vietnamese Governments, waitresses determinedly shoo out any diners threatening to remain after 8 pm, while in one of the few private sector establishments, it is now possible to order reasonably priced French champagne at 9 pm.

The septuagenarian leadership believes there is nothing basically wrong with the system

At the State Commission for Prices business appears to go on more or less as usual. The weekly bulletin dictates that the retail cost of a Soviet-made inner tube is 4,000 dong, a Czech crank and sprocket wheel 24,000 dong, a pupil's exercise book 350 dong and a 21-inch Japanese television set 2.8m dong, or $717 (£447) – more than four years' gross salary for most people.

Officials might draw satisfaction from the recent elimination of queues, but it is principally because the black market has taken over. It is not that the state has renounced its role, simply that, as in Burma, it is lost for an answer to smuggling. At the border with China, trucks stream across, drivers ignoring officers on duty at the customs post. Officials say weakly that even if they do charge duty the traders just take the duty-paid stamps off and use them again on subsequent shipments.

The country has also been littered with illegal highway checkpoints, where unauthorised operators have been levying taxes, seizing goods and imposing fines. The Government this week ordered the forced removal of these checkpoints, which are common on the main north-south highway. They have obstructed the flow of goods and caused travellers serious losses, exacerbating the maldistribution of goods which the Government has identified as one of the country's most serious economic problems.

In Ho Chi Minh City (formerly Saigon), as far by air from Hanoi as Madrid is from London, the signs from the airport still direct arriving passengers to Saigon. And some of those qualities for which the city was noted before 1975 are beginning to re-emerge. Unlike Hanoi, where private enterprise is being learned, in Ho Chi Minh City it is being revived. It has acquired from the north a heightened capacity for self-criticism – a new official guide to investment brutally describes hotel managements as dissipated and service as negligible – but knows far more about *laisser faire* economics, trade and small-scale manufacturing.

One of the myriad, often contradictory challenges facing the central committee of the Vietnamese Communist Party is how far and how fast the south can be allowed to run, if, as inevitably will happen, it widens the economic gap with the north. Hanoi's restructuring problems are greater because of the concentration of heavy industry there and because northerners, while eager to follow the same path to prosperity, have less first-hand knowledge of the mechanisms through which this can be achieved.

Conversations in Hanoi can range from the dutiful recitation of official policy to enthusiastic exchanges on the functioning of banking systems in the West or how joint stock companies might be quoted on some distantly perceived stock exchange. But what seems to be lacking is the political will and drive exhibited, for example, by President Mikhail Gorbachev in the Soviet Union.

Vietnam's ageing leadership is looking westward with growing anxiety. The Soviet Union has funded Vietnam by at least $1bn a year for the past decade and made economically possible its military presence in Cambodia. But since September Vietnam has officially withdrawn those troops and Mr Gorbachev is preoccupied with domestic affairs.

The notion of service to the customer and also to the country has yet to take hold

Thus Vietnam is increasingly finding that it has more in common with its old enemy, China. Seen from Hanoi, Mr Deng Xiaoping may have made errors, but – in the eyes of the Vietnamese leadership – he at least had the courage to correct them in Tiananmen Square. Mr Gorbachev, on the other hand, is compounding his errors almost daily and has already sacrificed the dominance of communist parties throughout eastern Europe. As Vietnamese officials recently pointed out, Asian communism is made of sterner stuff.

Mr Nguyen Van Linh, general secretary of the party was considered on his appointment three years ago to be a reformer. But he has been ailing since last autumn and will resign at the next party meeting to be held after Tet (the Vietnamese Lunar New Year) at the end of this month. His replacement is likely to come from the small band of aged colleagues at the top of the party hierarchy, possibly Do Muoi, Prime Minister and vice chairman of the National Defence Council.

He may, like Nguyen, be a reformer in Vietnamese terms. He would therefore agree with Nguyen's comments at the Seventh Plenum of the Central Committee in August: "The Central Committee has clearly shown a high level of unanimity in not accepting bourgeois liberalisation, pluralism, political plurality and multi-opposition parties aimed at denying Marxism-Leninism, socialism and the party's leadership. We cannot fail to see that this is a reactionary political scheme of class enemies and enemies of the nation. We resolutely refuse to allow ourselves to be duped by the cunning scheme of the imperialists and reactionaries of all stripes."

If that smacks more of the 1930s than the 1990s, it needs also to be contrasted with the International Monetary Fund's praise for the achievements of Vietnam this year in alleviating some of its economic ills. Some diplomats in Hanoi believe that the fierce political tone of the speech was the price Nguyen Van Linh had to pay within the central committee for keeping the essentials of his restructuring programme in place.

But perhaps he just meant every word of it. The US Government chose to hear the words and ignore the actions, thus keeping closed most avenues through which Vietnam can gain access to desperately needed foreign capital and technology. It is part of Hanoi's calculations that international sympathy for the plight of its refugees in Hong Kong can be translated into sympathy for the plight of the country and thus exert further international pressure on Washington to amend its policy.

Foreign businessmen have been rather more impressed by Vietnam's economic changes than has Washington; the ratio between their numbers arriving and boat people departing has narrowed in recent months. What they are finding is potentially interesting, but practically often confusing. The poorly paid bureaucracy has yet to enter into the spirit of reconstruction. The notion of service to the customer and also to the country has yet to take hold. Thus pilots of Air Vietnam set off down the runway regardless of whether passengers have found their seats, regional administrations ignore instructions from central government, and civil servants have to be paid by other civil servants to grant interviews to visiting journalists.

The danger is, as the Russians discovered and the Vietnamese admit, that these attitudes contribute to the apparent ease with which large amounts of money can be poured into a porous pit with no discernible long-term benefit to the nation. Logically, if the state is so incapable of coping, then the private sector should be given a greater chance. The ageing party leadership, fresh from its public confessional, believes, however, that somehow the state itself can run industry as if in a market economy and that, in contrast to eastern Europe, no political changes are required for this to happen.

It is up to western governments to decide whether Vietnam's 64m people, including those still thinking about committing themselves as refugees to the perils of the sea, are best served by denying their country the modest amounts of international aid which would encourage present economic trends to continue.

Wilson has a flip side

■ Finance Ministers and officials dealing with Michael Wilson, the new chairman of the IMF's interim committee, will find there is another side to the prim, unflappable Canadian.

Wilson has showed his unorthodox side on a number of occasions in the past few months. He was spotted with his family at a Rolling Stones concert in Toronto, having befriended Mick Jagger during a Caribbean holiday.

Last month, a broadly grinning Wilson appeared on the front cover of a Toronto lifestyle magazine having his chin tickled by the blonde, mauve-gloved host of one of the city's rock music TV stations. The magazine's editor says that Wilson's office thought the picture, promoting a selection of expensive Christmas gifts, was "great and very funny."

One theory is that Wilson, 53, is trying to lighten his image as he confronts some of the hottest political issues since he became Finance Minister in 1984. In particular, a new consumption tax due to be introduced in January 1991 has unleased a storm of criticism. And next month's budget is expected to be tough as Wilson wrestles with a deficit swollen by Canada's heavy debt service commitments.

Wilson worked in the securities industry before entering politics. He is showing his more casual side again this week. When the announcement of his IMF appointment was made, he was on a skiing holiday in the western US. No one would say precisely where.

Grave mistake

■ The West German Government is not, after all, putting up funds to look after the grave of Karl Marx in London's Highgate Cemetery. But, as was reported yesterday, it had every intention of doing so.

OBSERVER

The idea was suggested to Annemarie Renger, the vice president of the Bundestag, by a friend who had visited the site. She passed it on to Chancellor Kohl, who approved in principle, but sent it on to Hans-Dietrich Genscher, the Foreign Minister, for clearance. Genscher also agreed, subject to the West German Embassy in London saying that the aid was necessary.

Unbeknown to Renger when she made her remarks on Wednesday, the embassy had reported that it was not. "We are all in favour of Marx being nicely buried. He is," an embassy spokesman said yesterday. "Like Marxism." he added.

City voices

■ Noteworthy support for ex-Chancellor Lawson's ideas for an independent Bank of England last night from Sir Kit McMahon, a former deputy governor, now chairman of the Midland Bank.

In Thames TV's City Programme, he said that moves to switch the Bank's accountability from the Treasury to parliament "would be very much worth exploring." He also claimed that such a move – which he thought could come about in the context of European unification – "would be very strongly welcomed in the City".

Perhaps we have not heard the last of the Lawson initiative.

Absent King

■ For 12 days after the Iranian supertanker Kharg-5 was crippled off the coast of Morocco, in the early hours of December 19, a veil of official silence hung over the kingdom. Moroccan newspapers which mentioned the accident before Christmas were reduced to quoting foreign sources.

"Anything you say will be taken down and used in evidence except the bits that incriminate us."

A number of reasons help to explain the unwillingness of the authorities to speak out. Although the country has a variety of political parties and newspapers, many subjects remain taboo.

The main reason, however, was probably that King Hassan was absent from the kingdom between December 21 and Boxing Day. He was in France for the Euro-Arab summit convened by President Mitterrand. And when the King is away, very few decisions can be taken – even on what to publish.

Newer Scientist

■ Change is in the air at one of Britain's most successful weekly magazines. New Scientist is seeking a new editor, following the decision of Michael Kenward, who has edited the paper for the last 10 years, to concentrate on other writing activities.

The magazine is owned by Reed International and is highly profitable. Kenward, a 44-year-old former nuclear physicist, presided over a period of considerable growth, taking the circulation to around 100,000. Yet there is a view within Reed that the full potential for the magazine has yet to be realised.

There is talk of changing the format to make some of the longer articles more appealing to the non-scientist and of expanding sales in the US.

It is argued that, with minor editorial changes and a boost in promotion, the magazine could repeat the success in North America in the past decade of The Economist. The latter was interested in buying New Scientist a few years ago, but Reed said no.

The field is wide open as to who will take over from Kenward. Among the favourites are David Dickson, a science journalist with extensive knowledge of the US and who recently became New Scientist's news editor. Another candidate is Tom Wilkie, the science correspondent of The Independent, who once worked for the magazine.

Two Reids

■ Bob Reid, chairman of Shell and chairman-designate of British Rail, not only has the same name as the man he will succeed. According to Railnews, BR's staff newspaper, they also come from the same county.

"It is amazing. We both come from Fife, in Scotland, and have traced back to 1500 to see if there was any link in our families, but can't find any," says Sir Robert Reid, the outgoing chairman.

Options open

■ A joke was going round the British Cabinet yesterday: "What do you think you will be doing later in the year?" – "I don't know. I might be spending more time with my children."

Philip Stephens assesses the mood of the Conservative Government as it prepares for the politics of the 1990s

Search for the spirit of a new decade

On the eve of his defeat in 1979 the Labour Prime Minister, Mr James Callaghan, spoke of the "sea change" in British politics which subsequently swept Mrs Margaret Thatcher's Conservatives to power.

It did not matter in such circumstances what the Labour Party said or did. There had been an irresistible shift in what the electorate wanted and approved of.

Such changes, he guessed, happened only about once in every 30 years. The last was in 1945 when the voters unceremoniously ditched Mr Winston Churchill in favour of Mr Clement Attlee.

But as Conservative MPs returning to Westminster next week cast their minds ahead, they might well wonder whether it is only in eastern Europe that the timescales for huge shifts in political opinion have become telescoped.

If Thatcherism caught the spirit of the 1980s, there is little in prospect over the next few months at least to ensure that the enthusiasm bubbles over into the new decade.

The flutter of disquiet on the Government's backbenches following Mr Norman Fowler's surprise resignation this week should subside fairly quickly – but for the immediate future much else looks grim.

As one beleaguered – and exhausted – Cabinet minister commented before the Christmas holidays, for the Government "1990 will be, above all, about survival."

Few, if any, of his colleagues doubt that there is a realistic alternative to the continuing tight grip on the economy promised by Mr John Major, the Chancellor. Above all else, a turnround in the inflation, trade and interest rate outlook is regarded as the prerequisite for a fourth term in Government.

Nor, though, do they have any illusions that the prospect of high interest rates, of a further squeeze on living standards, of an austere Budget and of a return to rising unemployment will win them any friends in the short term.

Once that is overlaid with the introduction of the poll tax, the unpopularity of the health service reforms, internal divisions over immigration from Hong Kong and over Europe, then Labour's present seven or eight point lead in the opinion polls begins to look distinctly modest.

The poll tax, or community charge, was designed for an economic boom – when soaring real incomes, income tax cuts and low inflation would soften the blow for the millions who lost out from the switch from domestic rates. Instead the bills will drop through the nation's letter-boxes in April after what is expected, at best, to be a neutral Budget, and when many of those with mortgages will be facing another large increase in their repayments.

This week's rumblings among Conservative MPs about the uniform business rate may pale into insignificance against the protest likely to greet the final figures for the poll tax.

The background to the Government's scheme to grant full British citizenship to up to 225,000 citizens in Hong Kong – a move guaranteed to provoke a serious rebellion from the right of the party – could hardly be less auspicious.

All this is depressing enough, but it is not just the prospect of a few months of bad news that is worrying backbench MPs and prompting a reassessment of priorities among many senior ministers. The concerns run deeper, questioning whether the priorities that have so far ensured three consecutive election victories can any longer guarantee a fourth.

Defence is an obvious example. A central strength of Thatcherism has been the widely accepted claim that it alone has stood for a vigorous defence policy – in stark contrast to the "one-sided" disarmament offered by Labour.

The accelerating impetus towards disarmament promoted by President Mikhail Gorbachev and by the collapse of communist regimes in eastern Europe has undercut that crucial electoral advantage.

One senior minister recently found himself wondering aloud – albeit in discreetly hushed tones – how long the voters would accept the logic of spending billions of pounds for the nuclear fire-power offered by the Trident missile system. After all, he commented: "Aren't we supposed to be one of Mr Gorbachev's firmest supporters?"

The transformation of the defence outlook, running alongside the Government's isolation within the European Community over economic and monetary union, has raised wider questions about Britain's international standing, according to one senior party adviser puts its.

Mrs Thatcher has won inestimable support from across the political spectrum from the perception that during the 1980s she restored Britain's influence in the world. A fast growing economy, her special relationship with former President Reagan, her self-confidence and experience gave Britain a disproportionately influential place on the international stage.

With the economy turning down and with Washington now looking to a more politically integrated European Community to preserve stability, Mrs Thatcher can no longer take for granted a receptive audience.

There are new uncertainties also on the domestic front. The flurry of ministerial speeches emphasising the Government's commitment to the environment and to improved public services is an acknowledgement that the message of the 1980s has to be refined if not rewritten.

What is less clear is the extent to which the substance of policy will be adapted to the new language. Mrs Thatcher – though more of a pragmatist than she often admits – is not going to surrender the instincts and passions that have driven her policies since she won the party leadership in 1975.

As she made clear in her interview with the Financial Times last month, the liberal economy and individual freedom and responsibility are for her not neat marketing slogans but the very heart of her political approach.

Two separate but linked sets of ministerial negotiations later this year – over public spending and over the environment – should provide decisive clues as to how far she will broaden that framework to embrace the "quality of life" issues expected to dominate the spirit of the 1990s.

With the proportion of national income taken by public spending now down to below 40 per cent, many of the new generation of ministers have doubts about the Treasury's target of further successive reductions. Instead they are talking in terms of holding the ratio constant.

That would not mean abandoning the target of a 20p basic rate of tax – over time that could be financed out of the present Budget surplus. But as one minister put it: "Britain no longer feels like an over-taxed society."

Nor is it easy to see how the Government's response to the electorate's concerns about the quality of public transport, about education and the health service can be met within the present Treasury straitjacket.

The second test will be whether Mrs Thatcher supports Mr Chris Patten, the Environment Secretary, in his search for an approach to the environment which goes well beyond defence of the green-belt protection or anti-litter campaigns.

Ashley Ashwood

Mrs Thatcher: no longer able to take a receptive audience for granted

Though many measures – higher energy prices, pollution permits, and roads pricing – could be slotted into a free-market framework, a credible plan will require acceptance of a more interventionist and collective approach.

It will mean "green taxes", a big increase in spending on public transport, and a regulatory framework which treats wasteful energy consumption in the same way as emissions of noxious chemicals.

The signs are that there is a majority in the Cabinet both for a relaxation of the public spending rules and for an environmental strategy sufficiently radical to foreshadow a truly "green" general election manifesto. Mr Patten is being talked about as the most likely author of that manifesto.

Mr Major, of course, has still to prove himself at the Treasury. His task is to restore the Government's reputation for competent stewardship of the economy by squeezing down the inflation rate and the trade deficit.

In the words of one colleague, if he does not, "all the rest may turn out to be small change."

But if the Chancellor looks like succeeding and if the Government puts substance into its new language on other issues, then the gloom now engulfing the Conservatives may begin to lift almost as quickly as it descended.

There is no doubt that Mr Neil Kinnock has re-established the Labour Party as a credible alternative force in British politics. Few commentators are now confident enough to write off his chances in the general election due by mid-1992.

The combination of a shifting public mood, the transformation of the international outlook and the moderate brand of European social democracy now offered by Labour cannot be dismissed.

In private, senior Conservatives are willing to concede that Mrs Thatcher could lose the election. In any event, most are resigned to a much-reduced Government majority.

But for the moment at least parallels with 1979 look far from credible.

To a significant degree, the Government's message has lost its resonance not because its ideas – about markets, about trades unions, about taxation – have been discredited: rather because so many of them have been absorbed into the political consensus.

The individualism at the heart of Mrs Thatcher's political philosophy looks unlikely to emerge as the spirit of the 1990s. But there are as yet few indications that, like Mr Callaghan, the Prime Minister is powerless in the face of an irresistible political tide.

LOMBARD

Japan: champion importer

By Ian Rodger

WHEN THE Japanese set themselves targets, they tend to exceed them, a phenomenon that critics of the country's recent import behaviour might do well to take more seriously.

In the 1950s and 1960s, Japan's plans aimed at boosting output at ambitious rates. Invariably, the targets were exceeded. For example, the 1961-70 plan envisaged 7.2 per cent annual growth, but the outcome was 10.4 per cent. Such performance is usually attributed to the cohesiveness of Japanese society once a consensus has been formed.

By the early 1980s, it became apparent that another kind of target was needed: for boosting imports. Not surprisingly, it has taken time for a consensus to form around this objective. But the notion that Japan will become the world's champion importer, which first emerged from the Ministry of International Trade and Industry last year, is already in the litany of official speechmaking, from the prime minister on down, while leading companies have announced ambitious plans to increase their own imports.

An example of the impact of the new consensus can be found in semiconductors. Under the terms of the 1986 agreement between Japan and the US, the Japanese welcomed the American expectation that the share of foreign made chips in the Japanese market would rise from 8.5 per cent to 20 per cent by 1991.

Within months it became clear that, while MITI may have welcomed such a development, Japan's chip users did not. As of the middle of last year the market share of foreign makers in Japan was still only about 11 per cent. Then suddenly, the picture changed. As a result of continued pressure and repeated contacts between Japanese users and US makers, the figure is beginning to rise more rapidly, reaching 12 per cent by November. Industry insiders are starting to forecast that the 20 per cent target might be met. If history is a guide, it will be exceeded.

The same tendency can be seen on a broader level. Japan has long been criticised for the low share of manufactures in its imports. As late as 1984, manufactured imports were only 2.9 per cent of GDP, compared with 6.5 per cent for the European Community. It has taken some time for Japanese manufacturers to realise that their old mercantilist ways are now counterproductive. But in the past year or so, things have begun to change. Based on figures for the first 11 months of 1989, manufactured imports are likely to rise to 3.7 per cent of GNP this year compared with 3.2 per cent last year.

These trends could still fade, but they do suggest that economists should be cautious in endorsing the popular view abroad that Japan's economy remains closed. In a Kodak-sponsored study published earlier this year, Rudiger Dornbusch and several other economists, concluding that the Gatt cannot deal with Japanese protectionism, argued for an aggressive US trade policy. The same argument was made in the economic outlook published recently by the United Nations sponsored World Institute for Development Economics Research (WIDER). Unfortunately, both studies base their tough conclusions on statistics that are badly out of date. The latest figures in the Kodak study date from 1985, in the WIDER report from 1984.

It remains disquieting that structural changes in Japan's economy are still achieved as a result of efforts to meet targets rather than market forces. Recent history suggests, however, that once imports have been allowed in market forces take over.

Steel imports, for example, were negligible until 1987, when domestic shortages forced up prices, provoking the authorities to make the domestic cartel open the border. Today, even though the shortages are over, imports are holding their own and have reached a level (8 per cent) similar to that in the European Community market.

Meanwhile, affluence and deregulation are breaking down the cohesiveness of society. It will probably become more difficult in the future for Japanese businessmen to consort to exclude foreigners – or to agree on targets.

LETTERS

Burmese leopard has not changed its spots

From Mr David Edmonds.

Sir, It is now a year and a half since the Burmese government massacred up to 3,000 people during anti-government demonstrations – almost as many as were killed in Tiananmen Square. As in China, the hardliners in Burma have prevailed. The leading party may now have a different name, but nobody seriously believes the leopard has changed its spots. It is widely assumed that General Ne Win, who led Burma for 26 years until the 1988 uprising, still holds the reins of power.

According to Amnesty International, since July 1989 – when martial law was imposed – thousands of political prisoners have been taken, and more than 100 of these have been sentenced to death.

Given this background, Chit Tun's article (FT, January 3) on the subject of Burma's "first free poll in 30 years," appears rather naive. As Chit Tun points out, the two leaders of the main opposition party, the National League for Democracy, namely Tin U and Aung San Suu Kyi were put under house arrest in July. Tin U has subsequently been sentenced to three years' imprisonment. The contemptuous attitude the government has shown the opposition parties is likely to be mirrored in its management of the May election.

David Edmonds,
192 Marlborough Road,
Oxford

EC committee work

From Mr Stanley Crossick.

Sir, F.S. Law (Letters, January 2) suggests that the European Community's Economic and Social Committee either be taken more seriously or abolished. I agree.

We have for some years recommended that the Committee cut back on that part of its work which mainly duplicates the work of the European Parliament and is rarely needed. Instead, the Committee should be used as an engine in the drive towards European integration.

The Committee has a unique structure, representing all the main interest groups in society, most of which are organised at European level. Its members and the groups they represent are valuable opinion-formers (or, as the French say, opinion multipliers) who can be harnessed cost-effectively, given political will by the member states.

Stanley Crossick,
Belmont EC Office,
Brussels

Responsiblity for offshore financial business in Montserrat was negotiated

From Mr John Kelsick.

Sir, The FT article on the Montserrat bank row (December 15) misrepresents the facts. The main point of the objection of the Chief Minister of Montserrat to the proposed changes in the island's constitution was that article 45 gave the Governor the right to declare as enacted legislation which the Montserrat Legislative Council might either refuse to enact or which, in the Governor's opinion, it might enact tardily.

While Mr Osborne also objected to responsibility for the offshore financial sector being taken from the locally elected administration, he agreed that in any event responsibility for the administration of that sector should be controlled by a regulatory body completely free of interference from both the locally-elected ministers and the Governor, while being responsible to the Governor in Council on policy matters.

At a meeting of the Montserrat Legislative Council held on November 28 1989, the inclusion of article 45 in the proposed constitution was condemned as being repugnant to the democratic process in Montserrat by Government members and two out of three opposition members of the Council. In taking that position, they expressed the views of a substantial majority of the people of Montserrat.

Following that meeting, Mr Osborne led a delegation to discuss the matter with the British Government. Following those discussions, it was agreed that article 45 would be deleted, but in view of the international implications of offshore financial business, responsibility for it would be left with the Governor.

It is quite untrue to say that Mr Osborne returned home admitting defeat. Indeed, to the contrary. Montserratians whose minds are not clouded by political bias have expressed considerable satisfaction with the success of his mission in securing the deletion of article 45 from the constitution – and his political popularity has been enhanced.

John Kelsick,
Kelsick & Kelsick,
Parliament Street,
Plymouth,
Montserrat

Dividend balances best added to next payment

From Mr Robert J. Reid.

Sir, I sympathise with Mr Michael Gardiner's irritation (Letters, December 30) at having to make out pay-in slips for dividend balances paid by cheque, when electing for new shares in lieu of dividends.

With regard to its own shares, British Petroleum has recently resolved this situation by retaining the balance, with the shareholders approval, in order to add it to the next declared dividend.

British Petroleum has also opted for quarterly dividend payments. I am most surprised that few other companies have followed British Petroleum's example, as I would have thought that the payment of quarterly rather than half-yearly dividends must be the greatest incentive yet to wider share ownership.

Most companies do contribute handsomely to charities, and the shareholder on receiving his dividend, has the choice, if he wishes, to contribute to the charity of his own personal choice.

Robert J. Reid,
"Masirah",
101 Alexander Road,
Dunoon,
Argyll

Channel 4 news

From Mr David Lloyd.

Sir, Christopher Dunkley clearly watched a lot of television over Christmas. However, he is wrong to accuse Channel 4 News of coming off the air for the days when news from Romania was at its height.

Channel 4 News is not normally broadcast at the weekend. But because of the importance of the events in Romania, we cleared the schedule at very short notice for half an hour on the Saturday evening in order to bring viewers a special edition of the programme.

In fact, the only two days when Channel 4 News took a Christmas break were Christmas Day and Boxing Day, when most newspapers (including the Financial Times) also did not publish.

David Lloyd,
Senior Commissioning Editor,
News and Current Affairs,
Channel 4 Television,
60 Charlotte Street, W1

Basic balance

From Mr Jeremy Hale.

Sir, Ken Livingstone's figures (Letter, January 3) are incorrect. Japan's basic balance deficit averaged just above 1 per cent of GNP over the 1978-88 period, but fell to about 0.5 per cent of GNP during the first three-quarters of 1989. It did not, as Mr Livingstone asserts, rise to 2.5 per cent of GNP last year. Hence, Mr Livingstone's criticisms of my letter (December 28) are entirely invalid.

Jeremy Hale,
Goldman Sachs
International Ltd.,
5 Old Bailey, EC4

Barlow Clowes

From Mr Ernest Clarke.

Sir, The decision to compensate Barlow Clowes investors is turning a mere scandal into an absolute scandal.

It is wrong to take money from taxpayers, including the lower-paid, and give it to well-heeled people whose eagerness for high returns was unmatched by their prudence.

Those at the bottom of the economic heap should not be made to pay to make good the losses of people who ignore the basic rules of prudence and moderation in investment.

Ernest Clarke,
5 Cheval Court,
335 Upper Richmond Road,
SW15

FINANCIAL TIMES
Friday January 5 1990

Motorola, TRW announce powerful new superchip

By Louise Kehoe in San Francisco

THE WORLD's first "multi-million device superchip" – a semiconductor chip which squeezes the power of a supercomputer on to a tiny square of silicon – has been developed jointly by Motorola and TRW, teamed as contractors to the US Defence Department.

It represents the most advanced product to date of a $1bn Pentagon-funded programme called VHSIC (Very High Speed Integrated Circuit) which officially ended its 10-year run last year.

The programme was originally designed to channel developments in the US semiconductor industry towards military rather than commercial applications and was prompted by Pentagon concerns about the progress of semiconductor technology in the Soviet Union.

But the superchip and other products of the programme have emerged at a time when the threat of Japan's economic and technological power is widely seen in the US as more critical than the potential military threat posed by the Soviet Union, and it is the commercial value of the programme that is now being critically assessed, rather than its contribution to defence electronics.

Dr Thomas A.Zimmerman, director of TRW VHSIC programmes, said: "Potential uses in defence could be in advanced spacecraft or in the noses of jet fighters or missiles. Commercial successors of the superchip could find uses in a wide variety of applications where high speed, small size and great computing power and reliability are needed. Among these are computer-aided design, medical diagnosis, plant process control and complex imaging."

Although the superchip, a single 1.5-inch silicon square containing more than 4m transistors, is being hailed by industry analysts as a significant technological achievement which may ultimately have significant commercial value, it is not expected to produce immediate revenues for the companies.

Nor is it expected to do much to boost the US semiconductor industry's competitiveness with its Japanese rivals.

So far, only a "handful" have been produced and they must compete with cheaper and more readily available standard microprocessors if the superchip is to find a role in any military or commercial electronics system product.

The superchip is designed to function as the "brain" or central processor in advanced digital signal processing systems such as the computers which control communications satellites, replacing hundreds of current generation microprocessor chips. Its small size should greatly reduce the weight and volume and therefore the cost of launching a satellite.

In more down-to-earth applications, the superchip could shrink the size, power requirements and perhaps eventually the cost of very high performance computing.

An important feature of the superchip is its ability to "self-repair" faults which occur either in its manufacture or after it has been incorporated in an electronic system – be it a missile guidance system or a communications satellite.

The superchip also achieves a record computational speed of two hundred million operations per second.

Gorbachev 'will not block Lithuania'

By Quentin Peel in Moscow

LITHUANIAN Communist party leaders said yesterday that Soviet President Mikhail Gorbachev would not block their bid to leave the ruling Soviet Communist party.

The surprising statement of Mr Gorbachev's intentions was made after yesterday's talks by Mr Vladimir Berezov, Second Secretary of the Lithuanian party, in interviews with Lithuanian radio and television.

"There would not be any attempt to stop implementation of our decision," he said. "Communists want independence. I think we were understood."

Mr Gorbachev, who had condemned the Lithuanian party's decision to separate two weeks ago, had a completely different attitude yesterday, the Lithuanian leader said.

However, the Lithuanian party still fears that the full Central Committee of the Soviet Communist Party (CPSU) may attempt to retaliate when it meets to reconsider the issue later this month.

The top-level talks took place a week before Mr Gorbachev is due to lead a mission to Lithuania to attempt to dissuade local Communists from going it alone.

A full congress of the Lithuanian party decided two weeks ago by a vote of 855-160 to split from the Communist Party of the Soviet Union.

Apart from leaving the ruling party and seeking a purely "fraternal" relationship, the Lithuanian Communist Party is now in favour of seeking outright independence for the Soviet Baltic republic.

Its leaders are convinced that only by demonstrating its independence from Moscow can the party hope to retain any authority in local elections, due next month.

However, Mr Berezov also warned yesterday that the opinion of Mr Gorbachev was not necessarily the opinion of the Soviet Union Communist Party's Central Committee, which still has a conservative majority.

The Lithuanians met not only the Soviet party leader, but two of his most reform-minded lieutenants, Mr Alexander Yakovlev and Mr Vadim Medvedev.

For their part, the Lithuanian delegation, led by Mr Algirdas Brazauskas, the party leader, did not include any anti-independence members, who have set up a rival central committee in the republic.

The Lithuanians reported a "constructive atmosphere" at the talks and confirmed that Mr Gorbachev was expected to lead his mission to the republic from January 10 to 12.

Mr Gorbachev's attitude remains equivocal on the question of the Lithuanian breakaway. In public he has roundly denounced it, insisting that it is "illegal." In private, however, he appears much more conciliatory, judging by all the Lithuanian statements to that effect.

One interpretation of his trip to the republic is that he will attempt to expose a broad spectrum of the Moscow party leadership to Lithuanian opinion, so that any final rift cannot be blamed on his leadership alone.

Moscow tries to calm Azeri riots, Page 2

US S&L regulator widens mandate

By Peter Riddell, US Editor, in Washington

RESOLUTION Trust Corporation (RTC), the US Government agency set up last summer to rescue and reorganise insolvent Savings and Loans (S&L) companies, has introduced new rules to prevent a repetition of the Lincoln political influence scandal.

Five US senators are currently being investigated by the Senate ethics committee for allegedly intervening in the decisions by Federal regulators about the future of the failed Lincoln Savings and Loan. Mr Charles Keating who ran Lincoln gave or organised contributions worth $1.4m for the senators.

Launching the strategic plan of the board of the RTC, Mr Daniel Kearney, its president, stressed the need to avoid political favouritism and undue influence. Consequently, "all communications initiated by senior public officials or their staffs that are intended to influence a case or specific decision are to be logged and the records of such communications are to be made public".

RTC is rapidly growing into one of the largest financial institutions in the world. It has so far taken 281 insolvent savings and loans or thrifts under its jurisdiction with $104bn in assets.

The plan seeks to save taxpayers' money by giving top priority to those thrifts with the highest operating losses, and the most rapid deterioration.

The RTC will be required to rely on the market to determine the right method for running down insolvent thrifts and selling their assets so as to produce the best return for the taxpayer.

Potential acquirers will be allowed to bid on a variety of possible structures with the RTC selecting the least cost solution.

The RTC will contract out to the private sector most of its professional property and legal work, but it will still employ between 5,000 and 10,000 staff.

E German opposition forms united front

By Leslie Colitt in East Berlin

EAST GERMAN opposition parties have joined forces in a potentially powerful alliance to challenge the Communist party at the country's free elections on May 6.

Six opposition groups agreed at a meeting on Wednesday night to draft a common programme and put forward joint candidates. "We are not so different," Dr Christian Pflugbeil, a spokesman for New Forum, the largest group, said. "Alone we have little chance of winning."

The decision to create an alliance was taken after Wednesday's emotionally charged round-table talks between the Communist-led Government and the opposition. Opposition leaders accused Mr Hans Modrow's Government of breaking its word by planning to set up intelligence and counter-intelligence agencies before the elections.

Although the opposition brought out millions of citizens in demonstrations against the Communist leadership last autumn, it has failed to inspire the population since with its lack of coherent policies or strong leaders. Alliance 90, as it has been dubbed, unites New Forum, which seeks to remain a grass-roots movement, with the Social Democrats (SDP), Democratic Awakening, Democracy Now (originally Church protest groups), Initiative for Peace and Human Rights and the United Left.

French President François Mitterrand (left) and West German Chancellor Helmut Kohl after private talks yesterday in the French leader's secluded country residence at Latche: Worried France treads warily round issue of German unity, Page 2

The latter wants an independent, Socialist state while the others either espouse the goal of German unity or, in the case of New Forum, say it is up to the people to decide.

Opposition members said further differences were bound to emerge but that the fast-approaching election date would help to concentrate minds. The tiny Green Party, which refused to join the alliance, called it "ridiculous" and predicted it would have a short life.

Meanwhile, the authorities yesterday ordered the release from house arrest of Mr Erich Honecker, the former East German leader. ADN, the official news agency, said he had been freed because an investigation of charges of corruption and misuse of power found no grounds to detain him.

Bishop Gottfried Forck said the Protestant Church had been approached by officials inquiring whether the disgraced leader could be given living quarters in a Church-owned building. Mr Honecker is due to be evicted from his home in the luxurious Wandlitz settlement outside Berlin, which is being converted into a public sanatorium.

A new East German law reducing military service from 18 months to 12 is likely to put the Bonn Government in an awkward position. It has resisted pressures to cut military service from the present 15 months.

Taiwan's bid to join Gatt set to raise political storm

By William Dullforce in Geneva

TAIWAN has formally applied to join the General Agreement on Tariffs and Trade (Gatt) in a move which is likely to cause political turmoil in the world trading organisation.

China, whose efforts to negotiate renewed membership of Gatt have been rejected since the crushing of student protests in Tiananmen Square, Peking, in June, has previously succeeded in thwarting Taiwan's efforts to join international organisations.

Chinese officials have argued that it was impossible for Gatt to contain two Chinas. They say Taiwan could join only after China itself had become a member, and then only under Peking's sponsorship – a procedure similar to Hong Kong joining Gatt under UK sponsorship.

However, in a letter sent to Mr Arthur Dunkel, Gatt's director-general, on January 1, Mr Chen Li-An, Taiwan's Minister for Economic Affairs, has applied for membership as a separate customs territory under the name "Taiwan, Penghu, Kinmen, Matsu."

He referred to Gatt's Article XXXIII under which a government acting on behalf of "a separate customs territory possessing full autonomy in the conduct of its external commercial relations" can accede to Gatt on terms to be agreed with Gatt's existing members.

Approval of the application requires only a two-thirds majority among Gatt's 96 members. No country has previously joined Gatt by this route.

Mr Chen Li-An pointed out that Taiwan, the world's 13th biggest exporter, had full autonomy over its foreign commercial relations and operated a trading system already consistent with Gatt's basic rules.

He asked Mr Dunkel to start the relevant procedures for Taiwan to join and hoped they could be completed before the end of Gatt's current Uruguay Round, scheduled to be completed next December.

Taipei formed a cabinet-level committee to plan its application to Gatt more than two years ago. It has slashed its import tariffs and embarked on a programme of trade liberalisation. Its effective tariff rate, about 5.7 per cent last year, is expected to drop to 3.5 per cent in the next two or three years.

Taiwan's application calls for a fundamentally political rather than an economic decision from Gatt's members. Many would refuse to accept Taiwan without a nod from Peking, and even major trading powers such as the US have recently shown that they do not want to isolate China entirely.

Recent but early soundings by Taipei indicate that opinion among the 12 European Community states is generally favourable to Gatt membership for Taiwan.

Peter Wickenden adds from Taipei: The nationalist government in Taipei regards itself as a founder member of Gatt, and therefore sees its application as a rightful return to the international body and a step towards greater political recognition.

Mainland China, which has also applied to join Gatt, has made it clear that it would not tolerate Taiwan's use of the name Republic of China, or any other name that implies the existence of two Chinas. Taiwan is therefore applying as a tariff territory.

Most trading partners view Taiwan's entry to Gatt dependent on the opening up of its agricultural products market, the ending of government support buying for domestic agricultural products, further progress on the protection of intellectual property rights and greater access to service industries such as banking, insurance and inland transport.

At bilateral trade talks starting on Monday, the United States is expected to demand widespread tariff reductions on farm products in return for Washington's support for Taiwan's entry to Gatt.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	S	10	50	Malta	C	15	59	Rhodes	F	10	50
Algiers	C	13	55	Edinburgh	F	7	45	Manchester	C	7	45	Rio de J'o	C	[illegible]	95
Amsterdam	C	1	34	Faro	S	14	57	Manila	F	31	88	Rome	F	9	48
Athens	F	7	45	Florence	[illegible]	7	45	Melbourne	F	19	66	Salzburg	S	0	32
Bahrain	R	22	72	Frankfurt	C	0	32	Mexico City	C	[illegible]	71	San Francisco	S	4	39
Bangkok	F	33	91	Funchal	F	17	63	Miami	S	23	73	Seoul	S	1	34
Barcelona	S	14	57	Geneva	C	-1	30	Milan	Fg	-2	28	Singapore	–	–	–
Beirut	–	–	–	Gibraltar	S	14	57	Montreal	C	4	39	Stockholm	C	-1	30
Belfast	F	8	46	Glasgow	F	6	43	Moscow	S	-13	9	Strasbourg	C	0	32
Belgrade	F	-3	27	Guernsey	Fg	5	41	Munich	S	-1	30	Sydney	[illegible]	20	68
Berlin	S	-1	30	Helsinki	Sn	-2	28	Nairobi	F	24	75	Taipei	C	[illegible]	68
Biarritz	S	16	61	H Kong	C	17	63	Naples	S	10	50	Tangier	C	14	57
Bombay	S	31	88	Innsbruck	S	-2	28	Nassau	C	26	79	Tel Aviv	F	15	59
Bordeaux	S	11	52	Inverness	S	-1	30	New Delhi	S	12	54	Tenerife	[illegible]	18	64
Brussels	C	0	32	Islamabad	F	16	61	New York	S	5	41	Tokyo	S	9	48
Budapest	S	0	32	Istanbul	C	1	34	Nice	S	10	50	Toronto	–	–	–
B. Aires	F	31	88	Jakarta	R	30	86	Nicosia	F	16	61	Tunis	C	16	61
Cairo	[illegible]	19	66	Jersey	Fg	4	39	Oporto	R	9	48	Valencia	Dr	11	52
Cape Town	S	23	73	Jo'burg	S	27	[illegible]	Oslo	C	-2	28	Venice	S	[illegible]	39
Caracas	R	28	82	Lima	F	25	77	Paris	S	2	36	Vienna	S	0	32
Casablanca	F	15	59	Lisbon	C	13	55	Peking	S	1	34	Warsaw	[illegible]	-4	25
Chicago	C	7	45	London	C	7	45	Prague	S	[illegible]	28	Washington	R	1	34
Cologne	S	1	34	Los Angeles	[illegible]	7	45	Reykjavik	C	3	37	Zurich	[illegible]	-1	30
Copenhagen	[illegible]	-1	30	Luxembourg	C	-2	28								
Corfu	S	12	54	Madrid	S	8	46								
Dallas	S	5	41	Majorca	F	16	61								
Dublin	F	11	52	Malaga	S	12	54								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Noriega faces drug charges

Continued from Page 1

official said he was promised a fair trial. The official stressed there had been no plea-bargaining agreement.

Announcing the surrender of Mr Noriega on television late on Wednesday night, a clearly delighted Mr Bush said his apprehension and return to the US should "send a clear signal that the US is serious in its determination that those charged with promoting the distribution of drugs cannot escape the scrutiny of justice."

The Bush Administration is now declaring a victory in the Panama operation. Gen Colin Powell, chairman of the US Joint Chiefs of Staff, was yesterday flying to Panama to fix a timetable for the withdrawal of the rest of the 13,000 US troops sent there two weeks ago, of which 2,000 have so far returned home. This is in addition to the permanent garrison of about 12,500

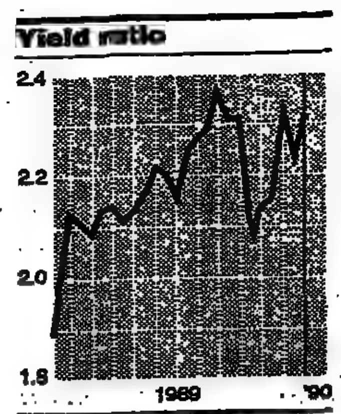
Mr Noriega was held inside Miami's federal courthouse, where he was to be brought before federal District Judge William Hoeveler last night for a preliminary hearing on drugs charges. Federal indictments in Miami and Tampa, Florida, accuse Mr Noriega in effect of renting out Panama to Colombia's Medellin cocaine cartel for smuggling drugs, laundering money and harbouring fugitives. If convicted, he could face 145 years in prison and fines of up to $1.1m.

Mr Frank Rubino, one of Mr Noriega's lawyers, said he would not enter a plea, although earlier another of his legal team said he would enter a not guility plea and seek "certain sensitive documents" from the US Government concerning his former ties to the Central Intelligence Agency.

THE LEX COLUMN

No room for bears in Frankfurt

There is certainly a short-term case for worrying about the level of West German equities after the last few weeks' euphoric rises. The pain in the German bond market yesterday was ample evidence of that; there are still too many lingering doubts about just how much the Bundesbank may want to nudge up interest rates as unions lock horns with management in this year's wage round. But timing is everything. It still looks too early to call a bearish turn, for all yesterday's 1.7 per cent reversal in the FAZ Index of 100 leading shares.



Apart from the strong D-Mark, one snag for the bears is the German market's current resilience. Take corporate Germany's leech-like capacity for sucking up capital after any sustained equity market rally. This time around, we have already had a DM340m rights issue announcement from Holzmann, a building share expected to benefit handsomely from the new *Ostpolitik*. Yet there has been a 15 per cent rise in Holzmann's shares since the issue was announced three weeks ago and it is a fair bet that other issues might get the same reception.

Even after the last few hectic weeks, corporate fundamentals still show apparent under-valuation by Anglo-Saxon standards. It is never easy to get stirred up about Siemens; but its share price is still only 5.2 times its 1988 cash flow, even before allowing anything for strong earnings growth since then. At this stage in the argument, though, the old bugbear of German shares – low liquidity – swings back into play. While German equities may not drop off a cliff, the road is never going to be smooth.

Hartwell

It might seem odd for the Saudi Arabian company Jameel to make its first UK bid when the stock market is at an all-time high, but its timing makes more sense in terms of its target's weakened position. Signs of a downturn in UK car sales, together with a recent dilutive pair of acquisitions, mean that Hartwell will be pushed to produce a buoyant profits forecast as it assembles its defence. Based on its broker's earnings forecast of 7p per share for the year to February, compound annual earnings per share growth over the past five years will have been under 1 per cent.

But the real question is not whether the bid at 16 times historic and 19 times prospective earnings is generous enough, even though the shares jumped yesterday to 143p, 5 per cent above the cash offer. Attention will focus instead on how the motor manufacturers react to a hostile bid for one of their franchise holders. Early indications are that the Saudis will lose at least some, but not necessarily all, the Ford franchises. If other manufacturers react in a more hostile fashion, the bid will start to make little financial sense. But if the manufacturers appear accommodating, it could be open season for bids in the sector.

Markets

The initial strength of the equity markets this year was bound to be unsettling for fund managers who were left behind last January. But an upbeat start to the new decade was only to be expected. The conventional FT-SE forecasts of 2,700 or so by the year end are now being supplemented by visions of 5,000 by the millennium. When forecasts of this kind are in the air, the markets are naturally impatient to bring them about.

It could perhaps be argued that the opening fanfare has been surprisingly muted. Granted, even after yesterday's setback, the FT-SE has risen over 1 per cent in the first three trading days, a stronger opening than last year. But 1988 started better again: a 74-point rise in the first three days, after which the market made a net gain of just six points by the year end. Wall Street, too, started 1988 with a four-day rise of 6 per cent, then fell 140 points on the Friday.

This January has a brittle feel to it. There is little evidence that investors, whether nervous or not, are clamouring to buy. Even on Wednesday, when the FT-SE hit its all-time high, customer turnover by value was lower than the daily average in the fortnight before Christmas. It is all too easy to see where bad news might come from. Next week, the fourth quarter results from the US start to arrive, followed by the UK December year-end companies from early February. All the while, the bond markets look shaky: though the Bundesbank declined to move yesterday, a rise in West German interest rates must still be on the cards.

Water issues

Will the first UK water company to tap the domestic fixed interest market get better terms than subsequent borrowers? Or will it have to be over-generous in order to lure investors into a new type of security? It is a moot point and partly explains why there is more than usual interest in the forthcoming issue for Severn Trent. It wants to be the first in the market, but in its hurry may end up conceding more in terms of financial covenants and margins than perhaps it should. The issue is complicated by the fact that mere talk of the issue is spooking the gilts market, which makes the pricing all the harder.

Sterling debt issues for domestic borrowers (including Eurosterling) have been rising by around 25 per cent per annum recently and preliminary official indications show that last year's £9.2bn was more than three times the 1986 figure. But in spite of its recent rapid growth, the UK fixed interest market remains remarkably unsophisticated. The current argument over the correct pricing for Severn Trent does not reflect particularly well on London's ambitions to develop a modern and competitive corporate debt market.

On the one hand is BZW advancing its "stamp collector" theory of investor behaviour which argues that the more times a single class of borrower comes to market, the higher the premium it has to pay over comparable gilts. On the other hand are the small bunch of probably no more than 100 investing institutions which argue that their unhappy experience in the non-gilts market over the last year means that the issue will have to be priced generously. This sort of bickering does not inspire confidence in the market's future.

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INSIDE

BET near winning post in Hestair bid

BET, the services group, seems to be speeding towards victory in its £192m recommended cash bid for Hestair, the personnel services and consumer products company, as rival bidder Adia, the Swiss-based temporary help and recruitment concern, bowed out of the fight yesterday. Page 23

Diamonds hit the rocks

Sluggish economic conditions not only affect sales of down-to-earth items such as houses and clothes. Sales figures released yesterday by De Beers, the South African mining group which controls about 80 per cent of world trade in rough – (uncut) diamonds, showed growth in demand for diamonds came to a halt last year, affected by high interest rates, an unexpected appreciation of the US dollar and a slowing down of global economic growth. Page 24

Not so bleak vision

Given the international capital markets' recent history, it would be forgivable to take a gloomy view of the future. Yet, says Stephen Fidler in the last of a series on the markets in the 1990s, this would not necessarily be correct. It is possible, without stretching credibility, to envisage an extremely positive economic backdrop for the 1990s against which the nimble in the international capital markets could thrive. Page 20

Harsh words on Spanish plain

The Kuwait Investment Office's attempt to regain control over Grupo Torras, its main investment vehicle in Spain, is the country's largest takeover bid, and is attracting criticism. Detractors say that offering shares in the KIO's aggressive property company, Prima Inmobiliaria, as one of the terms of the $630m offer is not as attractive as it may seem because the company is overvalued, and they claim that Torras shareholders have not been adequately rewarded. Page 18

You can't please all the people...

One person's meat is another's poison. The thaw in the cold war, greeted with jubilation in Europe, has sent a shiver of fear through the US defence and aerospace industry. The Standard & Poor's aerospace index plunged 15.06, or more than 4 per cent, to 348.60 on November 20, the first day of trading after Mr Richard Cheney, US Defence Secretary, said that Pentagon spending from 1992 to 1994 would be cut by an average of about 5 per cent after inflation. Page 25

Oil on troubled relationships

China's oil fields are getting old. The country is one of the world's top six oil-producers, but output is set to decrease over the next 10 years. Meanwhile, it has made new discoveries, but the technology needed to retrieve them is unfamiliar to the Chinese and may only be available from foreign companies, which the conservative oil bosses and government are reluctant to deal with. Page 24

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Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Beiersdorf	700	+	12
Falls			
Daimler-Benz	616	−	24
Deutsche Bank	848	−	21
Herlitz	268	−	6
Linde	900	−	15
Rosenthal	342	−	10
NEW YORK ($)			
Rises			
Apple Comp.	37¾	+	¾
IBM	99⅝	+	⅞
Falls			
Adac Labs	41⅛	−	2
Chevron	65¼	−	1¼
Exxon	48⅝	−	⅞
Mobil	60⅞	−	1⅞
PARIS (FFr)			
Rises			
Alspi	635	+	54.3
Olipar	438	+	33.4
SCOA	45.4	+	4.4
Falls			
Docks de France	3510	−	220.9
Eurotunnel	56.5	−	6.7
Inst. Merieux	6060	−	193.8
TOKYO (Yen)			
Rises			
FSK	2700	+	250
Kanda Tsushin	1340	+	110
Kawaguchi Metal	1300	+	130
Okabe	2280	+	190
Sanyo Electric	1060	+	94
Falls			
Godo Steel	2240	−	180

New York prices as at 12.30pm.

LONDON (Pence)			
Rises			
BOC Grp.	573	+	19
Cable & Wire.	583	+	13
Cannon St Invs	162	+	14
Charter Cons	457	+	16
Eurotunnel Units	712	+	43
Fairline Boats	835	+	112
Federated Hsing.	108	+	29
Glaxo	818	+	13
Hartwell	143	+	22
ICI	1185	+	8
Warburg (S&G)	511	+	16
Western Motor	613	+	38
Whitbread A	406	+	11
Falls			
BET	259	−	12
Bass	1045	−	19
Boots	282	−	9
Burmah	587	−	12
Calor Grp.	390	−	23
Comm. Union	507	−	14
Guinness	859	−	15
Hestair	321	−	13
Royal Ins.	543	−	15
Shell Trans.	491	−	5

Bond fights back with writ against banks

By Bruce Jacques in Sydney

MR ALAN Bond, the beleaguered Australian businessman, fought hard for corporate survival yesterday as the brewing arm of his empire filed a writ against the bank syndicate which last week placed it in receivership.

Bond Brewing Holdings filed the writ in the Victoria Supreme Court in Melbourne, alleging that the syndicate led by National Australia Bank "wilfully conspired" to injure it. The writ is separate from the Bond group's continuing action seeking to have the court rescind the receivership order obtained against its domestic brewing operations, which make Swan and Castlemaine XXXX lager.

The latest writ alleges that the banks engaged in "wrongful and unlawful abuse of the processes of the court" and that they had breached loan agreements. The Bond brewing interests had suffered losses as a result, and were thus seeking damages, with interest. Bond Brewing is also seeking permission to make a A$41m (US$32m) interest payment to US noteholders which has been frozen by the court at the request of the banking syndicate.

The hearing into Bond Brewing's receivership was adjourned again yesterday to continue today after an appearance by United States Trust Co, the trustee for the US$510m loan to Bond Brewing. But the trustee company did not apply to be made a formal party to the hearing. Meanwhile, the Perth Supreme Court is due to rule today on an application by the West Australian State Government Insurance Commission to have Bond Corporation Holdings, the group's quoted flagship, placed in provisional liquidation.

The ruling was initially due yesterday, but the court last night sat for an extra three hours to take further evidence from both Bond and the commission.

In another development yesterday, Bell Group and JN Taylor Holdings, two of Bond's listed subsidiaries, replied to Australian Stock Exchange queries detailing their exposure to other parts of the group.

Taylor disclosed a total of A$238.6m in loans to Bond companies. Its directors indicated that one of the loans, totalling nearly A$83m, was to Dallhold Investments, the Bond family company, and security was "being arranged" in the form of a second mortgage over several companies holding stakes in the Queensland Nickel joint venture.

Bell Group directors disclosed loans to Bond group companies totalling A$17.1m, plus a deposit of A$11m with Bond Corporation Finance. They said Bell had not granted any guarantees in favour of Bond Corporation or any of its subsidiaries or associates.

Bond empire on the brink, Page 22

LIG to help Moscow boost condom output

By Andrew Hill in London

THE SOVIET UNION is to expand production of condoms with the help of London International Group, the UK consumer and home products company.

LIG, which makes Durex condoms in Britain and Ramses condoms in the US, has won a £5m ($8m) contract to add two condom manufacturing facilities to an existing plant at Armavir in the Caucasus. The UK company said it believed the growth of Soviet condom production reflected Moscow's concern about the spread of AIDS.

"Availability of condoms has been extraordinarily limited and this is going to alleviate the situation somewhat," LIG said.

The new facilities should be complete in 18 months and will increase the annual production capacity of the Armavir site from more than 300m condoms to nearly 450m a year.

Hatu-Ico, LIG's Italian subsidiary, has installed four plants in the Soviet Union in the last 10 years and will assign 10 engineers to the project. Once complete, the plant will be run by the Soviet Government.

LIG won the contract, which was signed with the Soviet government agency Techmashimport, in the face of competition from Japanese and West European companies. The UK group confirmed it would be interested in carrying out similar contracts elsewhere in eastern Europe. But a spokesman for LIG added: "At the moment, I think other things are higher on their agenda than condom manufacture."

Emerging from rival's shadow

Haig Simonian on Dresdner's attempts to catch up with Deutsche Bank

Wolfgang Röller: hint at higher dividend prompted by rise in full operating profits

The past two years have not been easy for executives of Dresdner Bank, West Germany's second biggest financial institution. From their silver-clad Frankfurt skyscraper, they have watched Deutsche Bank, their bigger rival, push through a string of international acquisitions, culminating in the £950m ($1.52bn) purchase of Morgan Grenfell, the UK merchant bank.

Dresdner Bank's inaction was so striking that some analysts questioned whether it had any strategy for the future, let alone knew how to execute it. The bank was either too risk-averse, poorly-capitalised or simply inept to keep pace with its competitor in developing an international network.

Dresdner's sole buy was the Thornton Group, a UK fund manager specialising in Far East markets which it purchased in May 1988 for £25m. That may have been a snip for a company that had expected to float for £100m before the 1987 crash, but the deal hardly set the world on fire.

However, the spotlight may now be shifting back to Dresdner Bank as its expansion strategy slowly gets into gear. Since October, it has made several acquisitions, culminating in the news of its joint bid with Banque Nationale de Paris (BNP) for Yorkshire Bank, the UK retail institution.

The winner of the battle for Yorkshire Bank, which could cost up to £1bn, will not be announced until this month. The contest is likely to be tough, given the quality and rarity of the prize, but the high price has already thinned out the field.

Dresdner and BNP are keeping quiet about their chances, which may be marginally helped because they belong to the Abecor group, a loose European grouping which also includes Barclays, Yorkshire Bank's second biggest shareholder with a 32 per cent stake.

But while the bidding continues behind the scenes, Dresdner has come into the open with two other deals. In October, it bought a 38 per cent share in Banque Internationale de Placement (BIP), a leader in the French treasury market. Dresdner's stake has risen to 63 per cent since it gained approval from the French authorities to take majority control. However, it is shunning full ownership to retain BIP's independent listing.

Barely two months later, it bought the treasury operations of Elders Finance Group, the financial subsidiary of the Australian brewing and agricultural concern.

Although smaller than BIP, the purchase has provided the long-awaited nucleus for an Australian merchant banking presence while beefing up Dresdner's highly-regarded international foreign exchange and treasury operations in an important time zone.

Morale has been further boosted by soaring profits. Group partial operating income rose 20 per cent to DM1.52bn ($894m) in the first 10 months of 1989, and the bank is heading for record full-year earnings. Full operating profits, which include gains from own-account trading, have also climbed, leading Mr Wolfgang Röller, chief executive, to hint at a higher dividend.

More acquisitions will follow. A commercial banking takeover is planned in Austria – possibly with BNP – of a size which would easily dwarf Deutsche's small purchase there.

Meanwhile, further developments are due in France, where the bank now owns four stockbrokers via BIP. With regional brokers in Lyons, Bordeaux and Nantes, negotiations are under way to buy a firm in Lille.

Political developments in eastern Europe have also bolstered the bank. This week, it opened a new office in its "home town" of Dresden, some 106 years after it shifted its headquarters to Berlin. Further operations are planned for Leipzig and East Berlin, to be followed by other towns in East Germany.

Though of dubious immediate business value, the East German move could hardly be of greater symbolic significance. The symbolism of Dresdner Bank's name and its strong existing eastern bloc business means that recent events have opened up a host of new, albeit vague, possibilities for the bank in the east.

Yet, despite its greater confidence, Dresdner Bank is not going overboard on growth. Expansion will remain highly targeted, with two key areas – fund management and trading, particularly in foreign exchange and treasury instruments – likely to remain at the forefront.

Portfolio management has been reorganised under three divisions covering Europe, the US and the Far East. Thornton has been followed by the purchase of the Oechsle group, an independent US manager of international funds.

Further small acquisitions are on the way. Far East coverage will be boosted by a stake in a Taiwanese trust company, and the bank's new French stockbroking presence has added some FFr5bn ($862m) in managed funds.

Treasury and trading activites have also been reorganised to reflect their growing role. A new international financial markets division has been set up, grouping the bank's treasury activities with its foreign new issues and secondary market trading business. Among future developments in treasury is closer co-ordination of the bank's international trading activities, especially regarding trading in financial futures and options.

The bank is putting the finishing touches to its operations for the new Deutsche Terminbörse, which is due to open on January 26.

Outside Germany, it is active on the London International Financial Futures Exchange, where it has not been hampered by the same "political" constraints that have held back Deutsche Bank. Moreover, BIP is a member of Matif and Monep, the French financial futures markets, while the Elders operation in Australia had a seat on the Sydney Futures Exchange, although the bank says it does not plan to revive the membership at present.

Compared with trading and fund management, international commercial banking has lagged, despite opening some new offices in 1989. Buying Yorkshire Bank would be a boost, but Dresdner is still behind Deutsche elsewhere in Europe, notably Italy, where all its attempts to buy a bank have failed so far.

But it is Dresdner's growing co-operation with BNP which represents the biggest element of uncertainty in its competition with its bigger domestic competitor.

Institutionalised last June, when the French and German banks agreed to appoint one member to each other's supervisory boards, the Dresdner-BNP bond was further tightened in early December, when the managing boards of both institutions met for the first time at BNP's Paris headquarters.

The meeting appears to have amounted to little more than formal statements from the chief executives of both sides and an agreement to set up joint working groups. The boards did not even decide to regularise the joint board meetings.

Thus, although new joint initiatives may not be too contentious, co-operation in areas where the two banks are already established will be tougher.

"It's much easier to swap seats on a board than exchange meaningful ideas," says one participant. "No one wants to lose their identity." However, it may only be by such a partial loss that Dresdner Bank manages to pull ahead of its old rival.

Berlusconi in Spanish TV row

By Peter Bruce in Madrid

AN AMBITIOUS attempt by Mr Silvio Berlusconi, the Italian television magnate, to enter the new *Spanish commercial TV market* was on the brink of collapse last night.

Mr Berlusconi's main Spanish partner, the Anaya publishing group, accused his Madrid management of illegally soliciting advertising and sowing confusion among potential clients of their new television channel.

Mr Berlusconi, Anaya and Once, the Spanish charity for the blind, each own 25 per cent of Telecinco, one of three new commercial channels granted licenses by the government to start broadcasting on March 3.

Anaya yesterday placed advertisements in Spanish newspapers denouncing attempts by an unnamed advertising agency to offer time on the new channel.

Mr German Sanchez Ruiperez, Anaya's chairman, also wrote yesterday to the chief executive of Publiespana, Mr Berlusconi's advertising agency in Madrid, and to Mr Valerio Lazarov, director general of Telecinco and a *Berlusconi appointee, demanding* that they immediately stop selling time through Publiespana and demanding of Mr Lazarov that he deposit by the end of today all documents he has signed in the name of Gestevision, Telecinco's holding company. Mr Sanchez is president of Gestevision.

A spokesman for Mr Sanchez said a Gestevision board meeting next week would probably result in either Mr Berlusconi or Anaya withdrawing from the project. In a letter to Mr Giulio Chiodarelli, Publiespana's chief executive, Mr Sanchez warns that "if you do not make a rapid and satisfactory response to the fair demands in my letter . . . no co-operation between the two companies [Publiespana and Gestevision] will be viable."

Mr Chiodarelli said he was "surprised" at the demands and insisted that all the Telecinco partners had agreed that Publiespana would market the channel. *"We need at least three or four* months to sell advertising," he said, and warned that, should the confrontation continue, the Berlusconi group "would find it very difficult to leave Telecinco".

Bad feeling between Anaya and the Berlusconi group has apparently been simmering for months. There have been rows over where to locate the channel's offices and over Anaya's appointee as managing director.

But Mr Berlusconi can probably count for the moment on the support of Once and other Telecinco shareholders close to the charity, giving him a majority on the board. Mr Sanchez, Spain's biggest book publisher, can count on government support, which would be critical. Once has been criticised by the Government for making speculative investments with the profits from its hugely successful lottery.

Saudis bid for UK motor dealer

By John Thornhill in London

THE JAMEEL Group, one of Saudi Arabia's largest trading concerns, yesterday launched a £151.3m ($243m) takeover bid for Hartwell, a UK motor vehicle and fuel oil distributor.

Hartwell quickly rejected the offer as "wholly unwelcome and wholly unacceptable" and said the price was inadequate.

The Jameel Group, which already owned 19.8 per cent of Hartwell's ordinary shares and 32.1 per cent of its preference shares, strengthened its position through a dawn raid in the stock market which took the shareholdings to 22 per cent and 37.8 per cent respectively.

The all-cash offer, which is being made through Oakhill, a Jameel subsidiary, values Hartwell's shares at 136p each, compared with a closing price yesterday of 148p, up 23p on the day.

Mr Rupert Carington, Oakhill's chairman and son of Lord Carrington, the former UK foreign secretary, said Jameel was making the offer because it was concerned at Hartwell's relatively poor performance and wanted to safeguard its investment. The Jameel Group's financial resources and motor distribution and property expertise would enable it to improve and expand Hartwell's businesses, he said.

Hartwell's motor distribution interests account for about 70 per cent of the company's operating profits, but it also has sizeable interests in property development and fuel oil distribution.

In the year to February 28 1989, Hartwell made pre-tax profits of £10.4m on turnover of £403.5m and at that date had net assets of £80m. The company, like many other UK motor distributors, met tough trading conditions last year and reported static interim profits of £5.3m for the six months to August 31.

The Jameel Group, which is owned by Mr Abdulatif Jameel, was ranked the fifth biggest Saudi Arabian company in terms of sales in a recent survey in the newspaper Arab News. It owns the motor distribution rights for Toyota in Saudi Arabia and last year sold 61,954 cars, about 40 per cent of the country's new car market. It owns no dealerships in the UK.

The group has diversified internationally into property, shipping, photographic equipment and outdoor advertising. In 1988 turnover was Riyal 3.1bn ($829m) and at the year-end the company had net assets of Riyal 1bn.

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INTERNATIONAL COMPANIES AND FINANCE

BSN faces Birkel monopoly ruling

By William Dawkins in Paris

A TAKEOVER by BSN, the internationally ambitious French foods group, has run into possible objections from West Germany's federal anti-trust authority.

The Cartel Office fears BSN's proposed acquisition of a controlling stake in Birkel, Germany's second largest maker of pasta and noodles, might create a dominant position. It plans to come to a decision by the end of this month, before its formal deadline in mid-February. If it finds against BSN, it could block the deal or – more likely – order the French group to sell its existing German pasta interests.

Birkel had a 23.5 per cent share of the German pasta market in 1988, while BSN's existing German groceries subsidiary, Sonnen-Bassermann, had just over 6 per cent. If the deal goes through, BSN will overtake market leader Drei Glocknen, which has 25 per cent of the market.

The cartel office fears Birkel's underlying market share might be much larger than that, because the German company's sales were crippled two years ago by allegations – since proved wrong – by Stuttgart local health authorities about the quality of the eggs which Birkel used in its pasta.

If the damage from that incident is only temporary, the combined market share of Birkel and Sonnen-Bassermann may easily rise above the cartel office's 33 per cent threshold for market dominance. However, the deal could equally be cleared if the office was persuaded Birkel would collapse without BSN.

French government officials have asked for emergency talks in the next fortnight to plead BSN's case with the German Economics Ministry in Bonn. Cartel officials see this as an attempt to apply political pressure, since the companies usually have the right to appeal to Bonn only after the cartel authority has made its legal decision.

The Economics Ministry can reverse Cartel Office decisions if it thinks a potentially anti-competitive merger can be justified on wider economic grounds, as it did for the Daimler-Benz takeover of the MBB aerospace group.

BSN notified the German authorities of the deal in November, apparently hoping for a go-ahead by the new year. No price has been disclosed for the deal, under which BSN would take 15 per cent of the DM350m ($147m) turnover company, later rising to a controlling share.

BSN yesterday unveiled a FFr3.3bn ($561m) issue of convertible bonds, one of the largest on the Paris capital market in recent years, to ease the strain on its finances after a year in which it has spent a record FFr12bn on takeovers.

The 10-year bonds are priced at FFr900 each, which compares with yesterday's share price of FFr763, and are convertible into shares, one to one, at any time.

They carry a 6.6 per cent interest rate and are redeemable on 1 January 2000. BSN shareholders will be given priority between January 8 and January 19 to subscribe for one bond for every 15 shares they own. Placing begins on Monday, arranged by bankers Lazard Frères and Crédit Lyonnais.

DAF lifts sales 16% in spite of weaker market

By Laura Raun in Amsterdam

DAF, the Dutch commercial vehicles maker, boosted its net income by 16 per cent to Fl 170m ($87m) in 1989 from Fl 147m in 1988 in spite of some slackening of sales in the second half.

Mr Aart van der Padt, chairman, said yesterday production rose 2.7 per cent to 58,600 vehicles last year from 57,066 in 1988. Exports from Britain, where DAF took over Leyland trucks and Freight Rover in 1987, nearly doubled to 9,000 vehicles from 4,900.

DAF expects to sell the same number of trucks above 3.5 tonnes gross in 1990 as in 1989, in spite of a shrinking market, Mr van der Padt said.

Growing demand in Europe for used vans fitted with new engines would enable DAF to maintain market share and increase production in Birmingham. "Despite the challenges which lay before us DAF faces 1990 with confidence," Mr van der Padt told employees at Eindhoven.

DAF took cost-cutting measures last year in anticipation of slower demand in some western European countries, notably Britain.

City surveyor's shares fall as profits drop two-thirds

By Paul Cheeseright in London

SHARES in Baker Harris Saunders, the UK chartered surveyor with a business based on the City of London, yesterday fell 25p to 90p in response to interim pre-tax profits reduced by two-thirds.

Pre-tax profits for the six months ended last October were £609,000 ($974,400) on turnover of £4.02m compared with £1.93m on a turnover of £4.04m in the 1988-89 first half. Earnings per share were reduced to 2.8p from 10.7p. The interim dividend has been cut to 2.25p from 3p a share.

The company has been wounded by the slowdown of the City commercial property market at a time when operating costs have been increasing. Baker Harris had been expanding to cope with a strong flow of new business, but this may not produce fees for two years.

The figures from Baker Harris, following an announcement of reduced profits on Wednesday by Savills, another company of chartered surveyors, allied to warnings from property company chairmen, are harbingers of a more difficult time in the UK property industry.

The chase for space in the City has eased as more buildings have become available.

Rents have reached a plateau after three years of sharp rises.

Hoogovens sees slowdown

By Laura Raun

HOOGOVENS, the Dutch steelmaker, expects 1990 to be "cloudier than the sunny year 1989" due to slower economic growth and sluggish demand for steel and aluminium.

Operating results in the first half of 1990 are expected to fall, explained Mr O.H. van Royen, chairman, yesterday.

Sales should rebound in the second half if the economy continued to expand reasonably and steel industry production shrank in line with demand, he added. Net profit surged about 30 per cent to Fl 390m ($201m) in 1989 from Fl 301m the year before. Revenue rose 16.5 per cent to Fl 9.17bn.

Trump buys into $64m California property project

By Paul Cheeseright, Property Correspondent

MR DONALD TRUMP, the flamboyant New York property developer, has joined an Anglo-Irish consortium to develop a 23.5 acre site, on which is the Ambassador Hotel, famous for its association with Hollywood film stars, on Wilshire Boulevard in Beverly Hills, California.

He is paying $12.8m for a 20 per cent stake in a project to build up to 6m sq ft of shops, homes and offices, with an hotel. Like other projects with which Mr Trump has been involved, this one will be named after him: Trump Tower West.

His arrival in what is called the Wilshire Partnership dilutes shareholdings of partners who originated the project. Power Corporation, the Dublin-based property group now holds 24 per cent as does Brent Walker, the London property and leisure group. AMEC, the British property and construction group, holds 20 per cent and Malkin Properties, a private US company, holds 12 per cent.

The original Wilshire Partnership paid $64m for the site in September 1989. step

Hapoalim stake to be put out to tender

By Hugh Carnegy in Jerusalem

THE trade union controllers of Bank Hapoalim, Israel's biggest financial group, yesterday agreed to relinquish their preferential voting stock and allow a competitive bid for a controlling stake. The move is the second breakthrough this week for the Government's efforts to dispose of its majority bank shareholdings.

An agreement in principle reached between MI Holdings, the state company handling the Government's interests in the banks, and Hevrat Ha'ovdim, the holding company of the Histadrut trade union federation, allows for the equalisation of all Bank Hapoalim shares, compensation for Hevrat Ha'ovdim in the form of 3 per cent of Hapoalim equity, and the competitive private placement of between 26 per cent and 51 per cent of the bank's shares.

A similar deal was struck last Sunday with the Recanati family, controllers of Israel Discount Bank, the country's third largest group. Both agreements exclude Bank Hapoalim and IDB from imminent legislation enforcing one-share, one-vote on the banks, allowing Hevrat Ha'ovdim and the Recanatis to remain in control until a sale is completed.

Still to reach terms with the Government are the controllers of Bank Leumi and Bank Mizrahi. However, the agreements over Bank Hapoalim and IDB have sharply accelerated previously stalled attempts by the Government to resolve the anomaly of its bank holdings. They were acquired at huge expense but without voting control when it bailed out the banking system in 1983 following a crash in artificially-inflated share prices.

The Government's original intention was to unseat the present controlling interests. But, like the Recanatis at IDB, Hevrat Ha'ovdim intends bidding to keep control of Bank Hapoalim. Although it will start from a total equity base of only about 4 per cent, it said yesterday it believed it could raise sufficient capital.

Kuwait pours oil on Spain's troubled waters

Peter Bruce on reaction to the Grupo Torras bid

Analysts are not being kind to Spain's most expensive takeover bid as the Kuwait Investment Office (KIO) attempts to take total control of Grupo Torras, its main investment vehicle in the country, and run it as a private holding company.

The bid, for the 37.5 per cent of Grupo Torras not directly owned by KIO or its Spanish associates, is reckoned to be worth $630m.

Shareholders are being offered a share in KIO's aggressive Spanish property company, Prima Inmobiliaria, plus a cash payment of Pta8,350 ($76) for every nine Torras shares.

However, the City of London, in particular, has been vicious in its criticism.

Spanish analysts in the City say Prima has been vastly overvalued and the bid represents an admission by KIO that it has failed to attract long-term investors. "Torras has done very badly in the market and they can't go on controlling the price," said one specialist. "People in the UK do not want the shares unless they really don't know about Spain."

KIO took control of Torras Hostench, a newly-recovered paper company, in 1986 and has since turned it into the biggest industrial group in the country not controlled by a bank.

It owns or controls the Ebro foods group, Ercros, an amalgamation of the Union Explosivos Rio Tinto (ERT) and Cros chemicals and fertiliser groups, plus the VOY paper operation which has expanded into production in Belgium, and a variety of financial service operations. Both Ebro and Ercros are quoted in Madrid, along with Grupo Torras, the holding company.

KIO now has 40 per cent of Grupo Torras while Mr Javier de la Rosa, its main Spanish partner and chief executive of the holding company, has 13.5 per cent. A number of senior group managers have stock options worth another 9 per cent lodged with Banco Santander.

Torras has expanded by raising more than $1bn in new capital since 1986 and though Mr De la Rosa yesterday said the group had paid out more than Pta10bn in dividends in the past three years, many analysts, both in Spain and abroad, insist shareholders have not had value for their money.

Mr De la Rosa said yesterday the decision to "privatise" the holding company – taken in late November – was based on two points. The first one was the belief that shares in holding companies that own controlling stakes in subsidiaries tended to trade at a discount. The second was that the stock markets, particularly Madrid which has been slow to recover from the 1987 crash, were probably going to be flat for most of this year.

He said KIO's decision to take full control would guarantee the holding company a powerful and interested long-term partner without having to change industrial strategy, which involves breaking into the rest of western Europe before the end of 1992. The 9 per cent in stock options is also likely to be exercised by Torras executives, leaving Mr De la Rosa and the chairmen of some subsidiaries with a Spanish interest worth 22.5 per cent.

The Madrid stock market is desperately trying to establish itself as an alternative to the country's banks as a source of long-term capital for Spanish industry. The disappearance of one of its biggest quotations cannot be comforting.

He said: "What we need now is the ability to proceed calmly with our industrial strategy in Europe.

"Small investors cannot keep up in the long-term. We want to reinvest all our profits."

Everything depends now on how the bid, approved by the Spanish authorities last week, is received. For the first half of this week, Torras shares were trading at around Pta1,560, well below the Pta1,861 being offered. Much of this can be blamed directly on fears that Prima has been overvalued.

Mr John Gomez Hall, Prima's Anglo-Spanish chairman, insists the markets are wrong. KIO has applied standard UK practice in valuing Prima by counting in its asset valuation so-called "reserves for revaluation." All British property company balance sheets, he said, contain this calculation, which reflects the current market value of their properties. In Spain, the assets can only be entered at book value.

Richard Ellis's Spanish office has calculated the difference between the purchase prices and current values of Prima's properties is Pta59bn. Richard Ellis valued Prima's properties overall at Pta137bn.

Prima is Spain's second largest property company. KIO has so far kept it separate from the Torras Group but its current shareholding of 63.5 per cent should fall to 24.9 per cent, if the offer is successful, and will be transferred to Grupo Torras.

Mr De la Rosa said KIO had been persuaded to surrender ownership of Prima in order to take control of Grupo Torras because the 24.9 per cent stake would still give it effective control. KIO-Torras will also be able to rebuild its stake in Prima by up to 6 per cent a year without triggering a full takeover.

KIO's entry into Spain in the mid-1980s – it remains the biggest single foreign investor in the country – has never been tranquil. It formed a disastrous partnership with two local entrepreneurs in 1988 to try to take over Banco Central, then the country's biggest bank. The partnership fell apart last year without coming close to achieving its objective.

Aggressive takeovers of ERT and Ebro in 1988 also attracted an extremely hostile press and the decision to take itself off the stock market – though the Torras subsidiaries will continue to be quoted – offers probably its best chance in a long time of a relatively quite life in Iberia.

The Madrid stock market is desperately trying to establish itself as an alternative to the country's banks as a source of long-term capital for Spanish industry. The disappearance of one of its biggest quotations cannot be comforting.

INTL. CAPITAL MARKETS AND COMPANIES

Rosy scenario for capital markets

Stephen Fidler envisages broadly spread benefits in the decade ahead

Sometimes in the international capital markets, it's hard to see where the next dollar is going to come from. Indeed, looking over one's shoulder at the last decade, one might be forgiven for taking a gloomy view of the future.

Current worries about corporate defaults, particularly in the US and UK, suggest the leveraged buy-out market, which provided so much excitement for investors and financial institutions in the 1980s, will slow, if not expire. Junk bond investors, once-bitten, will be twice shy.

Dealing profits in equities and bonds have disappeared in many markets under the weight of competition which has depressed commissions: the only way to be profitable is to trade big positions, a risky prospect. The international bond markets are increasingly narrowly based, dominated by the Japanese and still unprofitable for most participants.

Yet it is possible, without stretching credibility, to envisage an extremely positive economic backdrop for the 1990s against which the nimble in the international capital markets could thrive.

Here follows the rosy scenario:

Europe: It is not hard to see where the good news could come from. The opening of the economies of eastern Europe to the west could provide a parallel to western Europe's post-war economic reconstruction. Post-1945, west European rebuilding of its capital stock (partly financed by US aid) provided demand for American goods and a motor for the US economy.

Chief beneficiaries from an economic revival in eastern European countries (partly financed by European aid) are likely to be their western European neighbours, particularly West Germany, which is particularly well placed as a producer of machinery and other capital goods. This will be overlaid on the expected benefits to emerge from the establishment of the single (west) European market.

Direct investment in eastern Europe could lead to the building of industry on western Europe's doorstep. The region's relatively low wages and often well educated workforce would be attractive to multinationals, making it a target for direct investment. Its low-cost exports should maintain discipline in other European economies, helping to keep inflationary pressures down.

Economic success in the rest of eastern Europe and the "peace dividend" resulting from an improvement in East-West relations could even see the Soviet Union emerging as an economic power.

The Americas: The "peace dividend" could shift US productive capacity from wasteful defence spending, and help to cure the apparently chronic budget deficit.

The Brady initiative to reduce Third World debt burden may have its flaws, but it offers a way out from the debt burden for economic reform-minded new democracies in Latin America.

Led by Mexico, Latin America could provide demand for US goods which will make the region into a second giant trading bloc. Economies such as Brazil's have already given hints of their potential and flexibility. If one wanted to be really optimistic, this could be Latin America's decade.

Asia: Japan's economy will of course remain central to the well-being of the international financial markets. But its dominance may wane along with its current account surpluses. Japan's surpluses will diminish, sooner or later, as the Japanese consumer develops tastes for foreign goods and holidays and as Japanese companies move productive capacity overseas. Other countries around the Pacific, with lower costs than Japan, should benefit from this.

An important element of a growing Asian bloc would be an opening up of the Chinese economy. Delayed by the events of last year, this may occur as the current gerontocracy passes away in the 1990s.

All this, of course, could be blown off course by any number of events: a shift of power in the Kremlin, a reawakening of protectionism, environmental disaster or by the inability of the US to encourage foreign investment at roughly current interest rate levels to cover its current account imbalances.

Yet prospects for such a strong economic backdrop cannot fail to suggest opportunities for the financial markets. In the 1980s, international banks and investors turned inwards. Bank lending soared but borrowers in the rich countries within the OECD were the beneficiaries of that lending. Equity investors reaped huge profits over the decade by investing in Japanese growth and by returns from the build-up in corporate debt in the US and UK.

With questions hanging over the leveraged buy-out business, banks and securities companies may be forced to seek higher returns by shifting their focus to markets in lesser developed countries in eastern Europe, Latin America and the Pacific rim.

Given the rosy scenario, business in the OECD markets will continue to grow along with their economies and to dominate the capital markets by dint of their size. But the centre of gravity of the markets could shift as financial institutions reassert a traditional role in channelling investment and project funds (but not 1970s-style balance of payment loans) into countries outside the club of rich industrial nations.

Mr David Gill, a trustee of the Boston-based Batterymarch Financial Management, an equity investment specialist, estimates that the potential flow of new equity from capital exporting countries into emerging stock markets could total $100bn within five years. This means investor funds roughly equivalent to the size of the Swedish, Spanish or Dutch markets will be reaching developing country stock markets annually.

The great conundrum for financial intermediaries in the 1980s was the extent to which they failed, across a broad front, to benefit from the underlying economic success of the western economies. Huge profits have been made but the group of beneficiaries have been unusually narrow. For the rest, competition has forced down profit margins.

Competition will be no less fierce in the 1990s, and not all in the international capital markets are equipped to broaden their scope, or interested in so doing. But if the benefits come, they will probably be more broadly spread.

This is the seventh and last in a series. Previous articles appeared on December 8, 13, 15, 20, 22 and January 3.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 4

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅝ 96	750	99⅝	100	-0⅛	-0⅛	8.67
Alberta 9¾ 95	600	103¼	103⅝	-0⅛	-0⅛	8.60
Austria 9⅛ 93	140	102⅝	103⅛	-0⅛	-0⅛	8.54
B.F.C.E. 8⅜ 94	175	99¼	99⅝	-0⅛	-0⅛	8.52
B.F.C.E. 9¼ 95	150	102⅛	103	-0⅛	-0⅛	8.63
Brit. Tel. Fin. 9⅝ 98	250	103¼	103⅝	-0⅛	-1⅛	8.80
Canada 9 96	1000	102⅝	103⅛	-0⅛	-0⅛	8.37
C.C.C.E 9⅛ 95	300	102⅝	103	-0⅛	-0⅛	8.58
C.N.C.A 9⅝ 93	150	†101⅞	102	-0⅛	-0⅛	8.78
Credit National 8¼ 93	200	†99	99½	-0⅛	-0⅛	8.49
Credit National 7⅝ 92	100	97¼	97⅝	-0⅛	-0⅛	8.58
Credit National 9½ 92	160	†102⅝	102⅞	-0⅛	+0⅛	8.51
Dai-Ichi Kan 9⅝ 92	150	102	102⅜	-0⅛	-0⅛	8.68
Denmark 8⅛ 94	150	†98⅛	98⅝	0	-0⅛	8.67
E.E.C. 7 91	100	97⅛	97⅝	-0⅛	-0⅛	8.55
E.E.C. 10 93	140	†103⅝	104	-0⅛	-0⅛	8.59
E.I.B. 8½ 99	150	98¾	99¼	-0⅛	-0½	8.65
Eurofima 10⅛ 93	100	†104⅛	104⅝	-0⅛	-0½	8.49
Elec. De France 9 98	200	101¾	102¼	-0⅛	-0⅞	8.64
Elec. De France 9⅝ 99	200	†104⅛	104⅝	-0⅛	-1⅛	8.74
Finland 9 96	250	101⅜	101¾	-0⅛	+0⅛	8.64
Finn.Exp.Cd. 8⅜ 92	200	99⅝	100	-0⅛	-0⅛	8.66
Finn. Exp. Cd. 9⅛ 95	200	102⅝	103⅛	-0⅛	-1	8.71
Ford Motor Credit 8 91	250	†98¾	99⅛	0	+0⅛	8.74
Gen.Elec.Cap.Corp. 9 93	500	†101⅞	102¼	0	+0⅛	8.36
Gen.Elec.Cap Crp.10 1/2 91	300	101⅞	102⅜	0	-0⅛	8.51
G.M.A.C. 8⅜ 96	500	†98⅞	99⅜	0	-0⅛	8.97
G.M.A.C. 9 96	300	100	100⅜	-0⅛	-0⅛	8.95
Gen.Mtrs.Corp. 9¼ 92	200	101⅛	101⅝	-0⅛	-0⅛	8.46
IBM Credit Corp. 8⅜ 92	400	100⅛	100½	-0⅛	+0⅛	8.50
IBM Credit Corp. 8⅞ 91	250	100⅛	100⅝	-0⅛	-0⅛	8.61
IBM Credit Corp. 9 92	250	101⅛	101⅝	-0⅛	-0⅛	8.39
IBM Credit Corp. 9½ 92	250	101⅛	102	0	0	8.54
Italy 8½ 94	1500	99⅛	99⅜	-0⅛	-0⅛	8.55
Italy 9½ 95	1000	103⅝	104⅛	-0⅛	-0⅛	8.62
Italy 9⅝ 99	1000	105⅛	105⅝	-0⅛	+0⅛	8.72
Itoh C. W/W 4⅝ 94	1000	†118⅝	119⅜	-1	+5⅛	0.28
Japan Dev. Bank 10 96	200	105⅜	106⅛	-0⅛	-0⅞	8.71
KFW Intl. Fin. 9 94	300	†101⅛	101⅜	-0⅛	-0⅛	8.58
L.T.C.B.of Japan 9⅛ 92	200	101	101⅜	-0⅛	-0⅛	8.76
Nippon Tel.&Tel. 9⅝ 98	250	103⅜	103⅞	-0⅛	-0⅛	8.77
Norway 8⅜ 93	500	100⅝	101⅛	-0⅛	-0⅛	8.40
Portugal 8⅛ 91	300	†98⅞	99⅜	0	0	8.99
Sumitomo Corp. W/W 4 93	1500	†131½	132½	+0⅞	+5⅛	-4.32
Sweden 8⅜ 96	200	100⅜	101	-0⅛	-0⅛	8.55
Toyota 9½ 91	200	101⅛	101⅜	-0⅛	-0⅛	8.63
Toyota Mtr.Corp. W/W 4 93	1500	†105⅛	106⅛	+0⅛	0	2.23
Victorian Rep 11⅝ 92	150	105⅛	105½	-0⅛	-0⅛	8.96
World Bank 8⅜ 99	1500	100⅛	100½	-0⅛	-0⅛	8.47
World Bank 9 97	300	101⅜	102⅛	-0⅛	-1	8.61
World Bank 9 93	300	101⅛	101⅞	-0⅛	-0⅛	8.41
World Bank 9⅛ 98	300	103⅛	103⅝	0	-0½	8.66
World Bank 9⅝ 99	500	105⅝	105⅞	-0⅛	-0½	8.68
World Bank 9⅞ 96	300	†105	105⅛	-0⅛	-1⅛	8.68

Average price change... On day -0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	91¾	92¼	-0⅛	-0⅛	8.02
Austria 6⅜ 99	750	†92	92¼	-0⅛	-2⅛	7.97
Bk.Frgn Econ.USSR 7 96	750	*†92⅛	93⅛	0	-0⅛	8.56
Bank of Tokyo 5¾ 93	100	93⅛	93⅝	+0½	-0⅛	8.16
Commerzbank o/s. 5⅝ 99	300	93⅞	94⅜	+0⅛	+0⅛	7.63
Credit Foncier 6⅜ 99	500	92¼	92½	0	-1⅛	8.99
E.I.B. 6¼ 99	600	89	89½	-0⅛	-1⅛	7.95
E.I.B. 6½ 99	300	†94½	95	-0⅛	-1⅛	7.30
E.I.B. 6⅝ 96	600	94½	95	-0⅛	-1½	7.70
E.I.B. 6⅞ 95	300	97⅜	97⅞	+0⅛	-1	7.41
Euro.Coal& Steel 5⅞ 97	175	89	89½	0	0	7.90
Eurofima 6⅜ 96	100	†92¼	93⅛	-0⅛	-1⅛	7.65
Elec De France 5⅜ 97	300	90⅛	90⅞	0	-0⅛	7.45
Hydro-Quebec 6⅜ 99	300	†91½	92	-0⅛	-1	8.04
Japan Dev. Bk. 5⅜ 95	300	†89⅝	90⅛	-0⅛	-0⅛	7.76
Japan Finance 5⅜ 97	100	87¼	88⅛	0	0	8.02
I.A.D.B. 7⅛ 99	300	95	95⅜	-0½	-2⅛	7.99
Ireland 6½ 97	300	91	91½	-0⅛	-0⅛	8.12
Ireland 7⅛ 99	500	94⅛	94⅜	-0⅛	-0⅛	8.09
Malaysia 6⅛ 94	150	93⅛	93⅞	+0⅛	+0⅛	7.98
Nat. West BK. PLC 6 98	300	†87⅛	87⅜	-0⅛	-0⅛	8.12
N.H.L. Finance 6⅜ 95	200	†89	89½	-1⅛	-1⅛	8.66
Nippon Telg.&Tel. 6 95	400	†93⅛	94⅛	0	-0⅛	6.50
Oesters. Kontbk. 5 93	300	91⅜	92¼	-0⅛	0	8.04
Portugal 5⅝ 92	150	94⅛	95⅛	+0⅛	0	7.95
Portugal 6⅝ 95	150	94	94½	+0⅛	+0½	7.93
Privatbanken 5⅛ 93	150	91⅛	92⅛	+0⅛	+0⅛	8.23
Royal Insurance 5½ 92	300	94⅛	94⅜	-0½	-1	8.24
Turkey 6½ 95	500	†90⅛	90⅞	-0⅛	-0⅛	8.79
Union Bk.Finland 5½ 94	200	†90⅛	90⅝	0	-0⅛	8.36
World Bank 6 98	500	†87⅝	88	+0⅛	-1⅛	7.96
World BK. 6⅛ 97	600	91⅛	91⅝	-0½	-1½	8.63
World Bank 6⅜ 99	600	91⅜	92⅛	-0⅛	-2	7.99

Average price change... On day -0⅛ on week 1

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†85	85½	0	+0⅛	7.96
Asfinag 5 03	100	†82	82½	-0½	-1⅛	7.07
B.F.C.E. 4½ 98	200	†85	86	0	+0⅛	6.79
B.M.W.Fin.Neth. 5 13	150	†82	83	+3⅛	-1	6.47
Britannia B/S. 4⅛ 94	100	†87½	89	0	-1⅛	7.45
CIR. Int. W/W 3 93	125	†87	87½	0	+0⅛	7.20
Credit Lyonnais 4⅛ 00	100	†82	83	0	-0½	7.19
E.I.B 4⅝ 98	150	†84½	85½	0	+0⅛	7.03
Finn. Exp. Cd. 8⅛ 92	75	†100⅛	100⅞	0	+0⅛	8.01
Fletcher Chall. 4⅞ 98	150	†77½	78	-1⅛	-1⅛	8.76
I.A.D.B. 6 2004	200	†94⅜	94½	-0½	-0⅛	6.61
Kobe City 4⅝ 98	150	†83⅛	84	-1⅛	-0⅞	7.27
Leeds Perm. B/S. 4⅛ 93	200	†88½	89	+0⅛	+0⅛	8.16
Malaysia 5⅛ 98	100	†79	80½	0	+0⅛	8.71
Maxwell Comm.Crp. 5 95	150	†82⅜	84	0	-1⅛	8.98
Nat.Bk. Hungary 5⅛ 94	75	†88	89	-0½	+0⅛	8.43
Nationwide Ang.B/S. 4 93	200	†89½	90	+0½	+0⅛	7.47
Prov Newfoundland 5 03	150	†81	82	-0⅛	-0⅛	7.14
Thailand 4⅝ 95	200	†81	82	0	-0⅛	9.01
World Bank 5 03	150	†84½	85	0	+0⅛	6.74

Average price change... On day +0 on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	99½	99⅞	0	-0⅛	6.46
Canada 5⅝ 93	80	97⅞	98⅛	-0⅛	-0⅛	6.26
Eurofima 5 1995	20	94⅛	94⅝	-0⅛	-0⅛	6.27
E.I.B. 4⅝ 93	30	95⅛	96	-0⅛	-0½	6.35
Ireland 5⅛ 93	30	95½	96	-0⅛	-0⅛	6.58
Norway 5⅛ 95	50	95½	95¾	-0⅛	-0⅛	6.12
Sweden 4⅝ 93	50	94⅞	95¼	-0⅛	-0⅛	6.31
World Bank 5⅛ 96	10	93⅜	94⅛	-0⅛	-0½	6.07
World Bank 7 94	20	102⅛	102⅝	-0⅛	-0⅛	6.34

Average price change... On day -0⅛ on week -0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10⅞ 94 C$	150	96⅞	97⅜	+0⅛	-0⅛	11.08
Abbey Nat. 11⅛ 93 £	100	96⅛	96⅝	0	-0⅛	13.00
Aegon 7⅛ 92 FL	100	100⅛	100⅝	0	-0⅛	7.85
Alg. Bk. Ned. 5⅜ 93 FL	200	92⅝	93⅛	0	-0⅛	8.37
Austria 7½ 94 ECU	100	92½	93⅛	-0⅞	-1⅛	9.65
Barclays Aus.13½ 91 A$	100	98⅝	99⅛	-0⅛	0	14.07
Belgium 8⅛ 94 Ecu	150	94⅛	94½	-1⅛	-1⅛	9.86
Bell Canada 10⅞ 04 C$	200	101⅛	101⅞	0	-0⅛	10.64
BP Capital 9⅞ 93 £	100	91⅞	92⅜	0	-0⅛	12.80
British Airways 10 98 £	100	89⅛	89½	-0⅛	-0⅛	12.10
Brit. Telecom 9⅛ 93 £	150	91⅞	92⅜	0	-0⅛	12.62
Comm.Bk.Aust. 12⅞ 93A$	100	†94	94⅛	0	-0⅛	14.82
Comm.Bk.Aus.13⅛ 94 NZ$	60	103⅞	104⅜	0	0	12.43
Credit Foncier 9 96 Ecu	100	97	97½	-1½	-1½	9.57
CrLocalFrance 9⅛ 92Ecu	100	98½	99	-0½	-0⅞	9.80
Deut. Bk.Aus. 13⅞ 93 A$	125	98⅛	98⅝	+0⅛	+0⅛	13.87
Deutsche Bk.Fin. 15 94 A$	100	103½	104⅛	-0⅛	+0⅛	13.72
Elec.De France 9⅞ 99C$	150	95⅛	95½	-0⅛	-0⅞	10.54
E.I.B. 7 96 LFr	100	†94⅛	95⅛	+0⅛	+0⅛	8.07
E.I.B. 7⅛ 99 FL	150	94	94⅛	0	-0⅛	*8.01
E.I.B. 9 99 Ecu	150	97⅜	97⅞	-1⅛	-1⅛	9.38
Eurofima 7⅝ 94 Ecu	100	93⅛	93⅝	-1⅛	-1⅛	9.62
Export Dv.Crp.8⅞ 92Ecu	100	97⅛	98	-0⅛	-1⅛	9.84
Fed.Bus.Dv.Bk. 9 94 Ecu	100	†98⅛	98⅝	0	0	9.43
Fed.Bus.Dv.Bk 9⅛ 92 C$	75	†96⅞	97⅜	-0⅛	-0⅛	11.41
Ferrv. Stato 7⅞ 93 Ecu	100	92⅛	93⅛	-0⅛	-1⅛	10.25
Ford Cr.Can.10⅜ 93 C$	100	†98⅝	99⅛	-0⅛	-0⅛	11.17
Ford Cred.Can.10⅞ 96C$	125	99⅜	99⅞	-0⅛	-0⅛	10.97
Ford Cred.Fund.10⅞ 93£	60	94½	95	0	-0⅛	12.52
G.M.A.C.Canada 11 3/4 94C$	100	101⅞	102⅜	-0⅛	-0⅛	11.10
Heineken 7⅝ 94 FL	150	99⅞	100⅜	0	-0⅛	7.77
Hydro-Quebec 11 99 C$	400	101⅝	102	-0⅛	-0⅛	10.68
Lloyds Bank 10⅛ 98 £	150	89⅞	90⅛	+0⅛	-0⅛	12.21
Lloyds Bank 11⅞ 98 £	100	93⅛	93⅝	0	-0⅛	12.65
Montreal Tst.10⅛ 93 C$	100	†97⅞	98⅛	-0⅛	-0⅛	11.42
Nat. Aus. Bk. 14⅛ 94A$	100	99⅞	100⅜	0	+0⅛	14.67
New Zealand 9½ 93 £	100	91⅛	91⅝	-0⅛	-0⅛	12.75
O.E.K.B. 10⅛ 99 C$	150	97⅜	98⅛	-0⅛	-1⅛	10.57
Royal Bk.Scot.10⅝ 98 £	125	91⅞	92⅜	0	-0⅞	12.22
Saskatchewan 10⅛ 93 C$	200	97⅝	98⅛	-0⅛	-0⅛	10.93
State Bk.NSW. 13⅞ 93A$	100	98⅛	98⅝	+0⅛	+0½	14.42
Sweden 7½ 93 Ecu	250	93⅛	93⅝	-1⅛	-1⅛	9.58
Sweden 15 94 A$	100	103⅛	103⅝	+0⅛	+0⅛	13.79
Toyota Mtr.Cr.10⅜ 94C$	150	98	98⅜	0	-0⅛	10.82
Toyota Mtr.Cr.11⅞ 92C$	150	100⅛	100⅝	-0⅛	-0⅛	11.11
World Bank 7⅛ 99 FL	300	94⅛	94⅝	0	-0⅛	7.99
World Bank 10⅞ 94 £	200	95⅜	95⅞	0	-0⅛	12.12
World Bank 13⅝ 92 A$	100	102⅝	103⅛	+0⅛	+0⅛	11.91
World Bank 14⅞ 94 A$	75	102	102½	0	+0⅛	13.50
Zentrspk. 13⅛ 93 A$	75	†97⅛	97⅜	+0⅛	0	14.10

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.88	99.93	24/01	15.21
Bank of Greece 99 US	0⅛	99.51	99.61	8/03	9⅛
Belgium 91 US	0	100.10	100.20	21/02	8.81
Chelt. & Gloucester 94 £	.063	99.82	99.87	28/02	15.31
Credit Foncier 98 US	.063	99.93	100.03	20/04	8.31
Dresdner Finance 99 DM	.031	100.07	100.17	28/01	8.16
EEC 3 92 DM	.0	100.17	100.27	22/02	6⅞
Halifax BS 94 £	.1	100.05	100.10	9/02	15.16
Invt. In Industry 94 £	0⅛	99.97	100.07	17/01	15.19
Leeds Perm. B/S. 94 £	0⅛	100.05	100.10	15/01	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.92	99.97	29/03	15⅛
New Zealand 5 97 £	.07	100.01	100.11	22/02	15⅛
Northern Rock 92 £	-0⅛	99.85	99.90	20/01	5⅛
State Bk. Nsw. 98 US	.188	100.02	100.12	11/02	8.81
Woolwich Equit. BS. 93 £	0⅛	99.76	99.83	15/01	15.37
Woolwich 5 95 £	0⅛	99.98	100.03	22/02	15.31

Average price change... On day +0.01 on week 0.00

CONVERTIBLE [illegible]	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02 US	8/87	62.	123⅞	124⅛	+0⅛	-0.03
Amer. Brands 7⅜ 02 US	9/87	56.7	124½	125⅛	+2⅝	-2.18
CBS. Inc. 5 02 US	4/87	200.	97⅜	98⅛	-1½	6.11
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	96⅛	97⅜	-0⅛	8.50
Primerica 5½ 02 US	4/87	66.75	74⅞	75⅝	+0⅛	68.84
Eng.China Clay 6½ 03 £	9/88	4.8	98⅛	99	+2⅛	3.23
Fujitsu 3 99 US	5/84	1106.	218	219	+6	1.77
Ladbroke 5⅛ 04 £	6/89	7.1	106	106⅛	+0⅛	120.84
Land Secs. 6⅛ 02 £	6/87	6.72	91⅛	92	+0⅛	14.93
Minolta Camera 2⅛ 94DM	2/86	1004.	106	107½	+1⅛	7.01
MCA Inc 5½ 02 US	†9/87	69.62	102	103	-0½	12.60
Mitsubishi Bk. 3⅛ 04US	5/89	3266.	94⅛	95⅛	-2⅛	0.37
Next Plc 5⅞ 03 £	11/87	143	96	96⅞	-0⅛	345.68
Nishi Nipp.Bk.2⅞ 03 US	4/88	804.	156	157	-0½	-1.79
Omnicom Inc. 6 1/2% 04 US	10/89	28.	105⅛	106½	+0⅛	14.29
Omron Tateisi 2⅝ 02 US	†4/87	1310.	297	298	+2	1.51
Rank Hovis 4⅛ 03 £	1/88	3.5	120½	121⅛	-0⅛	0.73
Redland 7⅛ 02 £	1/87	5.4	110⅛	121⅛	+0⅛	0.63
Saatchi&Saatchi 6⅛ 03 £	†10/89	4.41	88	89	0	44.02
Silicon Graphics 8 04 US	6/89	23.18	128⅛	129	+0⅛	-2.81
Sumitomo Bank 3⅛ 04 US	2/89	3997.	85⅛	86⅛	-1⅛	1.64
Texas Inst. 2⅞ 02 US	†9/87	82.87	78⅛	79⅛	+0⅛	76.39
Utd.N'papers 8 04 £	10/89	8.77	121⅛	122⅛	+0⅛	127.53
W.R. Grace 6⅛ 02 US	9/87	42.12	94⅞	95⅞	-0⅛	20.83

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

BUS plans partial flotation

By Andrew Fisher in Frankfurt

WEST GERMANY'S first fully environmental share issue will take place early this year with the flotation of a minority stake in Berzelius Umwelt Service (BUS), the fast-growing industrial waste disposal and recycling company owned by Metallgesellschaft.

The issue will be led by Dresdner Bank. Although the bank refused to release details before January 24, Mr Heinz Schimmelbusch, Metallgesellschaft chief executive, has said about DM100m ($58m) will be raised.

Some analysts said the proceeds could be about DM200m through issues of both voting shares — possibly at about DM320 each — and preference shares, following strong advance interest.

Formed in 1987, BUS draws on the metals, engineering, trading, and financial expertise of its parent to collect waste, extract residues in special plants and sell the reusable materials.

It is investing about DM500m to double its 500,000 tonnes of recycling capacity for non-ferrous metal-containing waste.

It also intends to increase its 20 per cent holding in Horsehead Resource Development of the US.

The issue will be the second in Germany in the last few months aimed at investors combining a desire for profits with a concern for the environment.

Last month, shares of GEA, a company specialising in both energy-saving and anti-pollution systems, were floated in a DM775m issue, the country's biggest for three years.

Turnover of BUS is about DM200m a year.

It has released no profit figures, but Mr Reinhard Fischer, an analyst with Paribas Capital Markets, believes operating profits more than doubled last year.

He feels the share issue would probably be too small to attract much foreign interest. "It will be eaten up by domestic investors."

● Horten, the West German department store, said parent company sales dropped 3.7 per cent to DM3.02bn in 1989 from DM3.13bn a year earlier, AP-DJ reports.

Horten, which is 51 per cent owned by Britain's BAT Industries, said the drop in sales reflected, to some extent, the sale of five stores.

It added that turnover was also affected by reorganisations at five department stores and following the sale of some specialty fur and furniture operations.

Turnover at continuing operations was off 1.2 per cent.

Horten did not provide any consolidated data and did not give any information on profit.

INTERNATIONAL CAPITAL MARKETS

Matif outstrips London in 1988 futures volume

By Deborah Hargreaves

LONDON saw its lead of the European futures industry eroded last year when it was overtaken in contract volume by France's Matif, which traded a record 26m lots.

Nevertheless, the London International Financial Futures Exchange saw a 53 per cent jump in activity last year, climbing to its own record of close to 24m contracts.

European products represented 30 per cent of Liffe's volume. Its German bund futures volume reached 5.8m lots after a frenzied year's trading.

Interest-rate products proved attractive at both exchanges, as they did in Chicago, after a year of volatile short-term interest rates worldwide.

Matif's three-month interest rate Pibor product notched up a huge rise in volume to 2.3m contracts from 1988's 452,374 lots. But it was the exchange's long-term notional bond that led the volume table, with 15m contracts traded compared with 12.4m a year earlier.

Liffe's short sterling futures traded 7.1m lots, up from 3.5m in 1988 and Eurodollar futures were up 25 per cent at 2.1m lots from 1988's 1.6m contracts. However, the exchange's long gilt futures dropped by 27 per cent to 4.1m lots from 5.6m.

The Swiss Options and Financial Futures Exchange, Europe's first electronic exchange, traded just over 6m contracts as the innovative exchange completed its first full year of trading. In 1988 the exchange traded 1.4m contracts after its launch in mid-May.

Although Chicago's futures exchanges reported mixed fortunes last year, the Chicago Board Options Exchange saw a 13 per cent rise in volume to 126.8m lots, from 111.8m contracts traded in 1988.

The exchange's bellwether Standard & Poor's 100 index option, which has never fully recovered from the effects of the 1987 stock market crash, saw a flat year with trading volume at 58.4m lots. This was barely changed from 1988's 57.4m contracts.

However, equity options volume rose by 25 per cent to 61.9m lots from 49.4m contracts.

New French 10-year bond makes strong start

By George Graham in Paris

THE French Government sold FFr6.3bn of bonds at its regular monthly auction yesterday, providing a good launch to its new 10-year bond in spite of difficult market conditions.

The new bond, the OAT 8.5 per cent 2000, is expected to be the main French bond issued this year. The auction gives it a starting float of FFr5.1bn at a cut-off price of 93.25, with a weighted average yield of 9.56 per cent.

The Government also sold FFr1.2bn of its 15-year fixed-rate bond, OAT 8.25 per cent 2004, at a cut-off price of 90.05, giving an average yield of 9.55 per cent.

There was no auction of floating-rate bonds yesterday, as the Government has modified its issue policy for the year.

Demand for floating-rate bonds has declined sharply in the last few weeks, largely because of a change in regulations governing the investments of French mutual funds, which are no longer required to hold 30 per cent of their assets in bonds.

This year the Government plans to issue in this segment of the market only if conditions are suitable, and yesterday they were not.

The OAT TME 2001 is now trading at a discount to the average of government fixed-rate bond issues on which it is indexed, and the outlook for interest rates is uncertain in the wake of this week's rise in West German rates.

In exchange, however, the French Government has undertaken to auction a bond denominated in Ecus at least once a quarter, although separately from the regular monthly auctions.

These auctions will include either the existing eight-year tap stock, OAT Ecu 8.5 per cent 1997, or a new 10-year bond, OAT Ecu 9 per cent 2000.

France expects to cover 10 to 15 per cent of its total government borrowing requirement this year, estimated at between FFr90bn and FFr110bn, in Ecu issues.

US regulator proposes curb on dual trading

By Deborah Hargreaves

THE REGULATOR of the US futures industry has proposed a rule restricting the controversial practice of dual trading, following fierce debate on reform in the aftermath of a massive government inquiry into futures fraud.

The Commodity Futures Trading Commission (CFTC) is effectively seeking a ban on dual trading – whereby a broker can trade for himself and for customers – in an attempt to curb inevitable conflicts of interest.

The agency says its proposed rule will apply on a provisional basis in one or two of the most actively traded contracts on the seven largest US futures exchanges.

The announcement represents a compromise for the exchanges, which had been fearing a blanket ban.

Although some exchanges have backed away from full support for dual trading, they have repeated its value in establishing new products.

The CFTC proposes to implement the rule for a year while it compiles additional data on its impact.

It is also proposing a rule that would require exchanges to register broker associations. These controversial groups, similar to small clubs of brokers, promote each other's interests in the futures industry's hectic trading pits.

Their function was questioned in the wake of the FBI probe.

Investors cold-shoulder fixed-interest issues

By Stephen Fidler and Deborah Hargreaves

TRADING in the international bond markets continued in lively fashion yesterday but issuers of fixed-interest bonds in most currencies met a lack of committed investor interest.

Investors continue to show early-year caution in all currencies. Although the US dollar sector appears likely to be receptive to issuers, a lack of arbitrage opportunities means it is unattractive to many borrowers.

INTERNATIONAL BONDS

By contrast, sectors where attractive swap opportunities have been available for borrowers – in particular, sterling and Ecu – have generally attracted little investor interest.

Three early issues in sterling in the four- to five-year area put on a poor performance overall. A number of issuers waiting in the wings – including, it is said, IBM – have decided to put off sterling issuance.

The long-term sterling market still awaits from Barings an expected £150m issue for the newly-privatised Severn-Trent Water company.

Syndicate managers expect a modest flow of issues in coming weeks and months; Warburg is said to have a mandate for a deal for Anglian Water, while Credit Suisse First Boston is expected to lead manage an issue for Thames Water. At least one other mandate is said to have been awarded, to Kleinwort Benson.

In US dollars, the World Bank is expected formally to announce today plans for a second global bond issue, denominated in dollars. This is expected in two weeks or so, market conditions permitting.

The first deal, a 10-year issue of $1.5bn launched in September, carried a launch spread of 37.5 basis points over the equivalent US Treasury issue. This subsequently declined to 21 basis points before widening again to 35. Market opinion differed on whether the bank would be well advised to tap the 10-year maturity again or, as is possible, go for five years. An issue of $1.5bn is again expected.

BNP Capital Markets brought a $200m, five-year issue for its parent at a spread of 60 basis points over Treasuries. The pricing was regarded as aggressive but not outrageous.

The lead manager was forced to buy some bonds back to keep their price from falling outside fees.

Investors seem to be waiting on the sidelines, at least until after today's US unemployment statistics.

Investors were in no rush yesterday to buy up the recent flurry of Ecu issues. The attractiveness of a 10 to 10¼ per cent coupon on the four Ecu deals launched over the past two days has been eclipsed by higher yields on European bond markets and this is where much retail cash has remained.

Nevertheless, the four deals were selling steadily into the Swiss market.

The buoyant UK stock market prompted the first large UK convertible for some time in the international market. An issue for Boots, through S.G. Warburg, was increased from £140m to £155m, the maximum allowed. The 15-year bonds, with a 6 per cent coupon and a conversion premium of 16.3 per cent, were trading above issue price.

They carry a novel flexible investor put: an initial option will allow the investor to return the bonds to Boots at the end of five years at an 11.69 per cent yield. But before the end of the fifth year the company may decide to put in place a further unspecified investor put option.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Banque Nat. de Paris(a)♦	200	8⅝	101¾	1995	1⅞/1¼	BNP Capital Markets
CANADIAN DOLLARS						
Toronto-Dominion Bank(c)♦	85	10⅝	100.60	1994	1⅞/1¼	Deutsche Bank Cap.Mkts
STERLING						
Boots Finance(b)§♦	155	6	100	2005	2½/1½	S.G. Warburg Secs.
ECUs						
Johnson & Johnson(a)♦	100	10	101⅞	1993	1⅞/⅞	Merrill Lynch
SBC Finance (Cayman Is.)(a)♦	100	10	101⅝	1993	1⅞/⅞	Swiss Bank Corp.
Cregem Finance(a)♦	80	10¼	101⅞	1993	1⅞/⅞	Credit Lyonnais

§Convertible. ♦Final terms. a) Non-callable. b) Conversion price 335p. Put option in year five to yield 11.69%. Aslo flexible put option may be added before end of year five. c) Issue price plus accrued interest. Fungible with C$125m issue launched in Sept. 1989.

Jump in unemployment claims cheers US Treasuries

By Karen Zagor in New York and Deborah Hargreaves in London

US TREASURY bonds posted modest gains yesterday morning in the first positive session of the new year.

At mid-session the Treasury's benchmark 30-year bond was up ⅛ point at 101⅛, yielding 8.02 per cent. The five-year issue was up ⅛ point, yielding 7.89 per cent.

GOVERNMENT BONDS

The Federal Reserve arranged four-day system repurchase agreements when Fed funds were trading at 8⅝ per cent. The Fed's target for the funds is thought to be 8¼ per cent.

The mild optimism in the bond market was stimulated by a surprisingly strong jump in initial claims for state unemployment. These jumped 77,000 to 426,000 on a seasonally adjusted basis in the week ended December 23.

The market was expecting the figures to rise by no more than 10,000.

The debt market's gains came in spite of a drop in the dollar, which was changing hands at Y143.30 and DM1.6820 at midday in New York. In late Wednesday trading the US currency was quoted at Y145.47 and DM1.7210.

The narrow gains in bonds was partly attributed to traders taking positions ahead of today's release of employment figures for December. Non-farm payrolls are expected to rise by about 208,000 after a gain in November of 210,000.

■ THE Bundesbank offered relief to both the UK gilts market and the German bunds market when it announced after its regular policy-making council meeting yesterday morning that there would be no rise in interest rates.

Investors in both markets had feared a rise for some days as bunds plummeted to their lowest levels for five years and UK gilts drifted downwards.

Although both markets received a fillip yesterday, investors were by no means relieved of their long-term pessimism.

As some volume returned to the market after the holiday period, UK gilts rose by about ¼ point, with the benchmark 11¾ per cent long gilt rising to 110⅛ from a close on Wednesday of 110⅛.

German bunds were also up slightly as the futures price recovered after frenzied trading.

The 7 per cent 1999 bund was up by 65 pfennigs to 96.64 as the futures contract traded more than 56,000 lots.

■ AS THE Japanese market completed its first full day of trading after the seasonal break, prices lurched around a still-thin market.

Most of the trading was driven by currency movements in a fairly active day for the yen. Although the bond market recovered at midday, it drifted downwards again in late trading.

Japan's benchmark 119 bond was yielding 5.81 per cent at the market's close, after trading in a range of 5.80 to 5.84 per cent.

The market continues to be uncertain and dogged by long-term hesitation ahead of an expected election in the next few months.

The bond market has also been affected by rumours linking Mr Yashuhiro Nakasone, the former Japanese premier, with share dealing scandals, even though these have been denied.

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	8/92	103-22	+0/32	11.88	11.75	12.02
	9.750	1/98	95-11	+7/32	10.63	10.62	10.95
	9.000	10/08	93-20	+5/32	9.74	9.71	9.95
US TREASURY *	7.875	11/99	98-13	+5/32	7.96	7.91	7.81
	8.125	8/19	101-05	+6/32	8.02	7.97	7.88
JAPAN No 111	4.800	6/99	93.8330	-0.171	5.81	5.71	5.37
No 2	5.700	3/07	99.2241	-0.602	5.79	5.86	5.61
GERMANY	7.000	9/99	96.6400	+0.650	7.49	7.35	7.38
FRANCE BTAN	8.000	10/94	91.8812	+0.209	10.21	10.03	9.52
OAT	8.125	5/99	91.5000	+0.200	9.52	9.33	8.99
CANADA *	9.250	12/99	97.3500	+0.075	9.67	9.54	9.71
NETHERLANDS	7.250	7/99	94.5800	+0.450	8.08	7.87	7.76
AUSTRALIA	12.000	7/99	[illegible]	+0.052	12.95	12.90	13.08

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday January 4 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Jan. 3: Index No.	Tue Jan 2: Index No.	Fri Dec 29: Index No.	Year ago (approx): Index No.
1 CAPITAL GOODS (202)	960.90	+0.2	11.86	4.44	10.26	0.00	958.40	956.05	927.39	788.90
2 Building Materials (27)	1181.89	-0.6	13.33	4.79	9.35	0.00	1188.21	1161.14	1142.39	955.92
3 Contracting, Construction (36)	1621.44	+0.2	15.68	4.87	8.41	0.00	1602.20	1574.40	1551.82	1481.83
4 Electricals (10)	2751.15	+0.5	9.82	4.52	12.80	0.00	2737.19	2686.40	2664.89	2314.24
5 Electronics (30)	2025.67	—	9.02	3.61	14.26	0.00	2024.97	1944.04	1930.96	1825.30
6 Engineering-Aerospace (8)	495.50	—	12.13	4.45	10.17	0.00	495.33	488.22	486.80	0.00
7 Engineering-General (44)	502.82	+0.7	11.19	4.67	10.78	0.00	499.42	489.83	486.80	0.00
8 Metals and Metal Forming (6)	515.57	+2.7	22.87	5.83	4.93	0.00	502.25	485.01	478.70	455.94
9 Motors (16)	403.90	+0.6	13.17	5.22	8.90	0.00	401.51	392.98	386.31	262.62
10 Other Industrial Materials (25)	1773.27	-0.1	9.46	4.06	12.27	0.00	1774.64	1745.70	1738.28	1334.14
21 CONSUMER GROUP (180)	1354.22	-0.2	8.40	3.50	14.89	0.00	1357.03	1337.82	1331.80	1027.51
22 Brewers and Distillers (22)	1543.62	-0.8	9.28	3.40	13.39	0.00	1556.79	1556.75	1546.20	1126.01
25 Food Manufacturing (19)	1177.11	-0.6	9.22	3.75	13.46	0.00	1184.41	1174.90	1173.45	939.72
26 Food Retailing (16)	2346.16	+0.2	8.76	3.22	14.81	0.00	2341.80	2312.81	2315.86	1807.43
27 Health and Household (13)	2795.49	+0.6	5.60	2.34	21.26	0.00	2778.35	2738.26	2722.96	1802.12
29 Leisure (34)	1686.27	-0.5	7.93	3.51	15.54	0.00	1695.59	1673.12	1671.40	1354.99
31 Packaging & Paper (15)	588.58	+2.1	11.33	4.90	11.10	0.00	576.42	562.40	557.55	529.60
32 Publishing & Printing (17)	3853.61	+1.1	8.16	4.55	15.82	0.00	3812.43	3778.37	3782.54	3254.53
34 Stores (31)	831.92	-1.5	10.54	4.49	12.33	0.00	844.66	811.79	802.39	683.72
35 Textiles (13)	554.37	+1.5	10.43	5.40	11.63	0.00	546.29	533.40	529.97	478.24
40 OTHER GROUPS (103)	1233.46	—	10.38	4.43	11.54	0.00	1233.52	1214.84	1204.08	903.71
41 Agencies (16)	1606.69	+1.5	6.58	2.26	18.66	0.00	1582.34	1566.24	1564.46	1054.12
42 Chemicals (22)	1290.50	+1.0	11.74	4.99	10.04	0.00	1277.56	1252.32	1242.60	1042.64
43 Conglomerates (14)	1699.92	-0.6	10.60	5.14	10.96	0.00	1710.25	1657.42	1637.07	1278.59
44 Transport (13)	2458.09	+1.1	9.85	3.91	12.94	0.00	2432.07	2378.87	2342.98	1858.30
46 Telephone Networks (2)	1288.73	-0.6	9.92	4.00	13.11	0.00	1290.72	1277.38	1264.04	1009.18
47 Water (10)	2011.56	-0.1	17.32	6.73	6.39	0.00	2012.77	1985.65	1968.45	0.00
48 Miscellaneous (26)	1973.25	-0.6	8.97	4.20	12.57	0.00	1961.35	1971.24	1968.45	1183.56
49 INDUSTRIAL GROUP (485)	1234.57	—	9.88	4.02	12.30	0.00	1234.94	1213.99	1205.72	946.82
52 Oil & Gas (15)	2454.98	-0.8	8.82	4.67	14.99	0.00	2474.96	2475.71	2464.61	1726.39
59 500 SHARE INDEX (500)	1336.72	-0.1	9.73	4.11	12.69	0.00	1338.65	1319.17	1310.62	1013.09
61 FINANCIAL GROUP (116)	865.58	-0.5	—	4.89	—	0.00	869.67	845.68	846.85	675.35
62 Banks (9)	895.52	-0.7	19.24	5.61	6.03	0.00	901.53	894.20	892.48	661.16
65 Insurance (Life) (7)	1470.04	-1.0	—	4.52	—	0.00	1484.67	1461.98	1463.40	933.96
66 Insurance (Composite) (7)	732.41	-2.5	—	5.16	—	0.00	750.99	763.09	768.11	534.02
67 Insurance (Brokers) (6)	1194.74	+0.2	6.22	5.28	21.41	0.00	1192.36	1176.65	1187.21	937.99
68 Merchant Banks (10)	498.17	+1.3	—	3.48	—	0.00	491.91	484.30	483.49	321.31
69 Property (49)	1242.53	+0.9	7.38	3.45	17.14	0.00	1231.81	1227.61	1233.07	1208.48
70 Other Financial (28)	350.59	+1.3	12.03	6.01	10.90	0.00	346.08	342.26	340.64	345.07
71 Investment Trusts (68)	1323.81	+0.3	—	2.74	—	0.00	1320.43	1301.76	1296.96	927.91
91 Overseas Traders (5)	1592.41	-1.3	8.68	4.97	13.26	0.00	1614.04	1601.26	1604.27	568.38
99 ALL-SHARE INDEX (689)	1224.52	-0.2	—	4.19	—	0.00	1226.83	1210.92	1204.70	1275.43
	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 3	Jan 2	Dec 29	Dec 28	Dec 27	Year ago
FT-SE 100 SHARE INDEX♦	2451.6	-12.1	2479.4	2451.6	2463.7	2434.1	2422.7	2398.8	2395.8	929.97

FIXED INTEREST

PRICE INDICES	Thu Jan 4	Day's change %	Wed Jan 3	xd adj. today	xd adj. 1990 to date
British Government					
1 Up to 5 years	116.80	+0.08	116.71	–	0.00
2 5–15 years	129.83	+0.23	129.62	0.00	0.00
3 Over 15 years	139.68	+0.27	139.31	–	0.00
4 Irredeemables	158.12	+0.15	157.88	–	0.00
5 All stocks	128.15	+0.18	127.96	0.05	0.05
Index-Linked					
6 Up to 5 years	141.54	....	141.54	–	0.00
7 Over 5 years	141.14	+0.15	140.94	–	0.00
8 All stocks	141.05	+0.15	140.86	–	0.00
9 Debentures & Loans	106.01	-0.59	106.64	–	0.00
10 Preference	84.65	+0.05	84.60	–	0.00

AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 4	Wed Jan 3	Year ago (approx.)
British Government				
1 Low	5 years	10.18	10.21	9.48
2 Coupons	15 years	9.60	9.62	9.15
3	25 years	9.54	9.56	9.06
4 Medium	5 years	11.08	11.12	10.68
5 Coupons	15 years	10.04	10.07	9.75
6	25 years	9.71	9.73	9.31
7 High	5 years	11.24	11.27	10.93
8 Coupons	15 years	10.23	10.26	9.89
9	25 years	9.82	9.84	9.27
10 Irredeemables		9.66	9.67	9.06
Index-Linked				
11 Inflation rate 5%	Up to 5yrs	3.85	3.84	3.84
12 Inflation rate 5%	Over 5 yrs	3.60	3.61	3.78
13 Inflation rate 10%	Up to 5 yrs	2.97	2.96	2.63
14 Inflation rate 10%	Over 5 yrs	3.43	3.44	3.62
15 Debs &	5 years	13.68	13.78	11.69
16 Loans	15 years	12.42	12.56	11.29
17	25 years	12.13	12.04	10.95
18 Preference		10.90	10.91	10.38

♦Opening index 2469.6; 10 am 2477.7; 11 am 2471.4; Noon 2466.6; 1 pm 2456.4; 2 pm 2459.0; 3 pm 2458.8; 3.30 pm 2462.0; 4 pm 2457.9 (a) 9.45am (b) 5.00pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. The list of 1989 year-end changes is included in an article published on page 19 today.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	80	0	20
Corporations, Dominion and Foreign Bonds	9	3	28
Industrials	616	278	708
Financial and Properties	245	126	321
Oils	24	32	38
Plantations	1	0	9
Mines	26	61	73
Others	60	93	94
Totals	1,061	593	1,291

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§100	F.P.	–	101	98	Abtrust New Thai Inv.	100		–	–	–	–
§	F.P.	–	61	45	Do. Warrants	60	-1	–	–	–	–
§75	F.P.	–	86	81	‡Air London 5p	86		R2.25	2.5	3.5	13.1
†	F.P.	–	30	24	*Analysis Hldgs. 20p	24	-2	–	–	–	–
240	100	–	171½	100	Anglian Water	167½		R15.3	2.3	6.6	7.5
†	F.P.	–	98	53	Anglo-Part Grp. 35p	86		5.0	3.0	7.8	4.8
§100	F.P.	–	100	96	Anglo Scand. Inv. Units	96	-1	R3.30	–	4.5	–
§	F.P.	–	30	26	Do. Warrants	30	+2	–	–	–	–
§142	F.P.	–	153	145	‡Baris Hldgs 10p	153	+5	R5.5	2.7	4.8	9.7
§92	F.P.	–	45	42	*Biocure 1p	42		–	–	–	–
218	F.P.	–	300	265	Chiltern Radio 10p	298		4.0	2.9	1.8	25.2
§	F.P.	–	9¼	5¼	EFM Dragon Tst Wrnts'05	9¼	+¼	–	–	–	–
707	F.P.	–	1025	865	Euro Disneyland FFr10	1009	-5	–	–	–	–
§50	F.P.	–	53	49	European Project IT 10p	52	-1	–	–	–	–
–	F.P.	–	30	18	Do. Warrants	29		–	–	–	–
§130	F.P.	–	138	130	Fired Earth Tiles 10p	133		R4.07	2.2	4.9	10.9
–	F.P.	–	49	44	First Philipp. Inv. Tst.	44		–	–	–	–
–	F.P.	–	22	18	Do. Warrants	21	-1	–	–	–	–
§100	F.P.	–	106	103	Grosvenor Dev. Cap.	106		–	–	–	–
–	F.P.	–	34	22	Ibstock Johnsen Wrt.	33		–	–	–	–
§38	F.P.	–	42	38	*Image Store Hldgs. 10p	41		–	–	–	–
§	F.P.	–	600	491	JF Philippine Fd $1	491	-5	–	–	–	–
§	F.P.	–	219	193	Do. Warrants	199	+1	–	–	–	–
100	F.P.	–	103	100	Lon. & New York Cr. Tst.	101	-1	R3.19	–	4.2	–
§10.5	F.P.	–	660	636	Malaysian Smllr. Co's Fd.	652	-7	–	–	–	–
§	F.P.	–	276	233	Do. Warrants	276	+12	–	–	–	–
§80	F.P.	–	515	508	Merlin Intl. Green Inv.	510		R2.26	–	0.6	–
§75	F.P.	–	78	69	‡Micklegate Group 1p	71		R2.25	3.4	4.2	8.3
†	F.P.	–	£15¼	£13¼	Millicom Inc. 1c	£14¾	+⅜	–	–	–	–
240	100	–	164	100	North West Water Grp.	162½	+1½	R15.7	2.3	6.9	7.0
240	100	–	182	100	Northumbrian Water	177½	-3½	R16.1	3.6	6.7	4.4
55	F.P.	–	72	55	*Oxford Virology 5p	67	+1	–	–	–	–
†	F.P.	–	11	11	*Polysource Hldgs. 5p	11		–	–	–	–
10	F.P.	–	12	10	Prospect Inds. 5p	11	-½	R0.3	2.4	3.6	9.3
100	F.P.	–	128	100	*Ramsden's (Harry) 10p	115	+3	R4.5	1.1	5.2	23.1
§130	F.P.	–	160	143	Sage Group 5p	159	+8	15.85	2.1	4.9	12.5
240	100	–	157½	100	Severn Trent	153½	+2½	R14.85	3.0	6.7	5.0
240	100	–	181	100	South West Water	174		R17.43	2.9	7.4	5.1
240	100	–	162	100	Southern Water	159	-1	R15.03	2.5	6.7	6.7
§25	F.P.	–	40	25	‡Storm Group 1p	37		–	–	–	58.7
†	F.P.	–	16½	12½	‡Surrey Group 5p	14½		R0.23	3.3	2.1	13.6
□	F.P.	12/1	558	528	TR High Inc Tst Units	558	+5	M6.0	–	7.5	–
240	100	–	169	100	Thames Water	165	-1	R14.58	2.4	6.4	7.4
£2400	£1000	–	£1670	£1000	Water Package Units	£1645	-5	–	–	–	–
240	100	–	169	100	Welsh Water	163	-1	R16.75	2.9	7.4	5.1
240	100	–	182	100	Wessex Water	175	-3	R15.21	2.6	6.4	6.6
240	100	–	186	100	Yorkshire Water	176	-3	R15.42	2.4	6.5	7.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+or-
98.94	F.P.	-	99¾	96½	British Inv. Tst. 11¼pc Sec. Db 2012	96½	-½
89.65	£30	-	30½	29¾	Brixton Ests. 10¼pc 1st Mtg Db 2012	30½	
100p	F.P.	22/12	115p	97p	Caird Grp. 7p Cnv. Cr. Pf. 2009 10p	115p	
§99.68	F.P.	-	100½	97¾	Foreign & Col. 11¼pc Db. 2014 £100	98¼	-1⅛
§	£50	-	56	53	Grosvenor Dev. Cap. 7½pc Uns.Ln.1999	56	+1
100p	F.P.	-	106p	93p	MB Grp. 7.25p Cv. Cm. Rd. Pf. 15p	106p	
100	F.P.	-	100	97	Omnitech 12pc Cv.Uns.Ln 2000	97	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or-
2	Nil	30/1	1½pm	½pm	*Ancomoor Energy 0.1p	1½pm	+¼
50	Nil	12/2	1½pm	1pm	*Andaman Resources 10p	1pm	
18	Nil	5/1	4pm	1½pm	Deacon Group	2pm	
290	Nil	2/2	62pm	41pm	Fisons	54pm	-1
112	Nil	8/1	8pm	65pm	Power Corpn. Ir10p	86pm	
10	Nil	8/1	3pm	1½pm	Williams Group 2p	2½pm	+½

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. ¶ Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Dec 18
- Last Dealings Jan 5
- Last Declarations Mar 22
- For settlement Apr 2

For rate indications see end of London Share Service

Calls in Fed. Housing, Serif Cowells, Clearmark, Haemocell, Astra Hldgs., Lanca, Hawtin, Bristol Channel, Tuskar Res., Ibstock Johnsen and Eurotunnel units. Put and call in Eurotunnel units and Tuskar Res.

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*503)	460	47	72	77	1½	7	14
	500	17	41	50	10	20	28
	550	2	19	–	50	51	–
ASDA (*121)	110	13	19	25	2	5	7
	120	9	15	20	7	10	12
Brit. Airways (*237)	200	40	48	58	1	1½	4½
	220	20	31	35	1½	5	9
	240	6½	18	23	8	13	16
Brit Com (*99)	90	13	23	22	4	8	10
	100	6	15	18	5½	12	17
SmKl Beecham A (*627)	550	–	100	117	–	5	9
	600	35	60	79	6	15	21
	650	7	32	48	28	35	40
Boots (*282)	280	9	25	31	7	13	17
	300	7	15	–	20	30	–
B.P. (*339)	300	42	48	53	1	4	6
	330	13	25½	31	2	9	14
	360	2	12	17	23	24	25
British Steel (*149)	140	6	13	–	2	5	–
	155	2	8	–	8½	10	–
Bass (*1040)	1000	63	105	133	6	22	30
	1050	27	75	103	23	45	42
	1100	8	50	78	60	70	60
C & Wire (*583)	500	87	108	127	1	7	14
	550	41	72	90	5	19	27
	600	10	45	58	27	41	50
Cons. Gold (*1480)	1450	60	–	–	3	–	–
	1500	9	–	–	20	–	–
Courtaulds (*397)	360	42	57	65	2	7	12
	390	17	37	45	8	17	22
	420	5	21	–	27	32	–
Com. Union (*507)	500	20	31	50	10	24	26
	550	6	14	27	46	56	55
GKN (*458)	420	45	57	75	4	12	19
	460	14	33	50	14	27	33
	500	3	16	–	43	55	–
Grand Met. (*642)	600	48	68	90	2½	17	25
	650	15	39	60	21	38	45
I.C.I. (*1191)	1100	100	125	150	4	23	32
	1150	57	87	117	10	42	49
	1200	22	55	89	28	65	72
Jaguar (*849)	800	52	52	52	½	½	½
	850	½	½	½	1	–	–
Kingfisher (*314)	300	20	38	42	4	10	15
	330	2½	18	26	19	21	28
Ladbroke (*340)	330	–	35	43	–	13	17
	360	5½	19	25	22	26	32
Land Secur (*544)	500	47	68	78	1½	6	12
	550	11	37	46	16	27	32
M & S (*210)	200	14	24	28	2½	5	8
	220	2½	11	15	11½	13	15
STC (*268)	260	14	26	33	7	16	20
	280	5½	16	23	17	25	30
Sainsbury (*267)	260	13	26	32	4	7	9
	280	3½	14	21	13	16	19
Shell Trans. (*491)	460	37	48	65	3	10	17
	500	8	27	37	18	33	38
Storehouse (*116)	110	8	15	19	3	8	10
	120	4	9	14	8	12	16

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Trafalgar (*372)	360	–	44	54	–	16	21
	377	12	–	–	14	–	–
Utd. Biscuits (*364)	360	13	29	37	7	17	20
	390	3	15	23	30	35	38
Unilever (*724)	700	34½	59¼	82	4½	18¼	24¼
	750	9	31	55	30¼	41¼	48½
Ultramar (*379)	360	24	38	53	5	12	18
	390	10	23	37	20	28	32
Option		Feb	May	Aug	Feb	May	Aug
Brit. Aero (*592)	500	105	112	128	2	12	18
	550	62	75	95	10	25	33
	600	29	48	68	30	48	55
BAA (*397)	360	45	61	72	4	6	12
	390	22	41	50	11	16	18
	420	10	24	35	28	33	38
BAT Inds (*838)	800	66	98	125	14	30	37
	850	34	65	94	32	50	57
	900	15	45	–	68	80	–
BTR (*467)	460	27	39	54	12	21	23
	500	9	21	34	37	43	45
Brit. Telecom (*312)	280	38	49	55	2	4	6
	300	21	34	39	5	7½	10
	330	5	16	22	20	22	24
Cadbury Sch (*354)	330	38	47	58	5	12	15
	360	17	30	42	17	27	31
	390	7	18	–	40	46	–
Guinness (*660)	650	38	55	77	16	29	33
	700	16	33	52	45	55	60
GEC (*240)	240	9	20	24	9	13	15
	260	4	10½	–	24	25	–
Hanson (*234)	220	20	30½	36	3	5	7
	240	7	17½	23	11	12½	15
LASMO (*582)	550	53	73	92	10	23	27
	600	17	43	62	30	45	48
P. & O. (*648)	600	64¼	78¼	98¼	5	16¼	22½
	650	28¼	47½	68¼	21¼	37	43¼
Pilkington (*250)	240	20	32	36	6	10	15
	260	8	19	26	15	20	25
Prudential (*234)	220	22	25	33	4	8	11
	240	9	14	20	11	15	17
Racal (*255)	250	17	–	–	8	–	–
	260	–	29	32	–	20	24
R.T.Z. (*600)	600	25	45	65	21	32	36
	650	9	25	40	52	60	62
Scot. & New (*349)	330	35	50	58	9	14	22
	360	16	33	42	23	28	34
Tesco (*196)	180	21¼	27¼	33¼	2¼	4¼	5¼
	200	7	15¼	21	9¼	12¼	13¼
	220	2½	7½	–	25½	26½	–
Option		Jan	Mar	Jun	Jan	Mar	Jun
Abbey Nat. (*191)	160	34	37	38	1	2½	4
	180	14	19	23	2½	6	8
Option		Feb	May		Feb	May	
Plessey (*268)	260	11	–	–	½	–	–
	280	¼	¼	–	–	–	–
Option		Jan	Mar	May	Jan	Mar	May
Ferranti (*31)	30	3½	7	8½	3	4	5
	35	2½	4½	7	6	8	9
Polly Peck (*422)	390	37¼	57	69¼	2½	12	17¼
	420	17	37	51	11¼	23¼	29½

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Thames Water (*166)	140	26	29	33	½	2	3½
	160	8½	14½	18	3½	5½	8
	180	2	5½	9	16	16	17
Water Hldg Pty (*1643)	1600	80	130	170	40	40	70
	1650	55	110	140	55	65	90
	1700	35	85	120	85	90	110
Option		Feb	Apr	Jun	Feb	Apr	Jun
Reuters (*1040)	1000	77¼	106	130	20½	35½	43
	1050	46¼	76¼	101	41¼	57¼	64½
Option		Mar	Jun	Sep	Mar	Jun	Sep
Amstrad (*51)	50	8	12	15	6	9	10
	60	4	8½	–	12½	14½	–
Barclays (*574)	550	46	60	73	16	22	28
	600	10	32	45	45	47	52
Blue Circle (*265)	260	–	26	35	–	20	20
	275	13	–	–	20	–	–
British Gas (*237)	220	22	32	32	4	6	7
	240	10	19	22	11	12	15
Dixons (*138)	130	14	20	23	6½	9	11
	140	8	14	17	11	12	17
Glaxo (*820)	800	62	87	114	25	32	37
	850	35	–	–	50	–	–
Hawker Sidd. (*733)	700	73	93	115	17	30	35
	750	45	60	85	40	55	58
	800	20	38	–	72	83	–
Hillsdown (*291)	280	27	36	48	10	14	16
	300	15	24	35	18	22	25
Lonrho (*317)	300	24	40	50	11	18	20
	330	12	25	35	31	31	35
Midland Bk (*384)	360	35	45	50	11	18	20
	390	18	28	35	30	32	37
R. Royce (*193)	180	21	26	33	4½	9	10
	200	10	14½	22	13	18	19½
Sears (*112)	110	9	12½	15	4½	7½	8½
	120	4½	8	10	11	13	14
THF (*308)	300	26	30	41	9	17	19
	330	10	17	26	27	32	35
Thorn EMI (*809)	800	47	82	88	29	37	45
	850	25	49	–	59	62	–
TSB (*127)	120	10	17	18	3	5	6
	130	6	9	10	8	10	11
Vaal Reefs (*$108)	100	13	17	20	7	9	12
	110	8	12	15	12	14	17
Wellcome (*787)	750	80	113	142	22	35	42
	800	50	84	114	45	57	62

FT-SE INDEX (*2456)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Jan	273	225	177	133	92	58	30	15
Feb	295	250	205	163	122	85	58	40
Mar	313	268	223	181	145	111	84	60
Apr	–	–	253	215	180	143	112	82
Jun †	350	–	270	–	203	–	145	–
Dec †	430	–	365	–	295	–	250	–
PUTS								
Jan	3	4	7	13	23	38	65	98
Feb	9	12	17	27	38	55	80	110
Mar	15	22	30	40	53	70	45	125
Apr	–	–	37	48	62	82	103	132
Jun †	28	–	46	–	75	–	120	–
Dec †	60	–	90	–	115	–	160	–

January 4 Total Contracts 48,204
Calls 36,493 Puts 11,711
FT-SE Index Calls 2,249 Puts 2,621
*Underlying security price. † Long dated expiry mths

BOND EMPIRE ON THE BRINK

Why the banks came knocking on the brewery door

Ray Bashford sees Alan Bond's growth strategy unwind while, below, **Bruce Jacques** finds business confidence in Australia at a low ebb

Among the pile of assets worth more than A$4bn (US$3.13bn) put up for sale by Mr Alan Bond, the Australian businessman fighting for his corporate survival, is an office block development that will dominate the heart of Sydney's skyline.

For a man who was once said to have an edifice complex, the 70-plus storey building was conceived as a symbol of his authority in Australia at a time when he strode the international business stage amassing investments in brewing, property and media.

However, the forced sale of the development into a depressed Sydney property market for an estimated A$300m will play a relatively insigificant part in Mr Bond's rescue effort to strip down his empire. His group has been teetering on the edge of collapse for several months but a decision last week by National Australia Bank, one the country's biggest banks, to seek the appointment of a receiver to a key subsidiary strengthened significantly its likelihood.

In an effort to achieve some form of financial stability through the reduction of his borrowings, Mr Bond has disposed of assets worth an estimated A$5.5bn during the past year and, as he fights in a Melbourne court against the appointment of the receiver, virtually ever asset retained within the group is up for sale.

The question being asked with hindsight is how banks such as Hongkong and Shanghai (owed some A$600m), Midland, First National Boston, Indosuez, Drexel Burnham Lambert, Merrill Lynch and a syndicate led by Salomon Brothers could have left themselves exposed to a company headed by a man with limited international business experience and with a chequered history in Australia.

Mr Bond's borrowings peaked at an estimated A$13bn in early 1988 following the purchase of Mr Robert Holmes à Court's Bell companies as well as the G. Heileman brewing business in the US for US$1.5bn, St. Joe Gold also in the US for US$500m, a television network in Australia for A$1.05bn, a £350m stake in Lonrho, the UK-based conglomerate, and a 15 per cent holding in Allied Lyons, the UK brewing-based group.

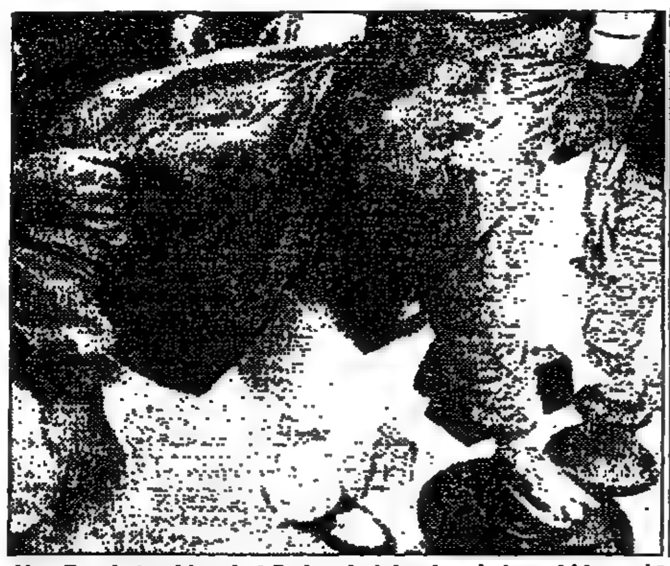
Piling purchase on top of purchase, there appeared no bounds to Mr Bond's ambition to achieve international recognition as an important figure in international finance. As the acquisitions progressed, his reputation as a deal maker became legendary.

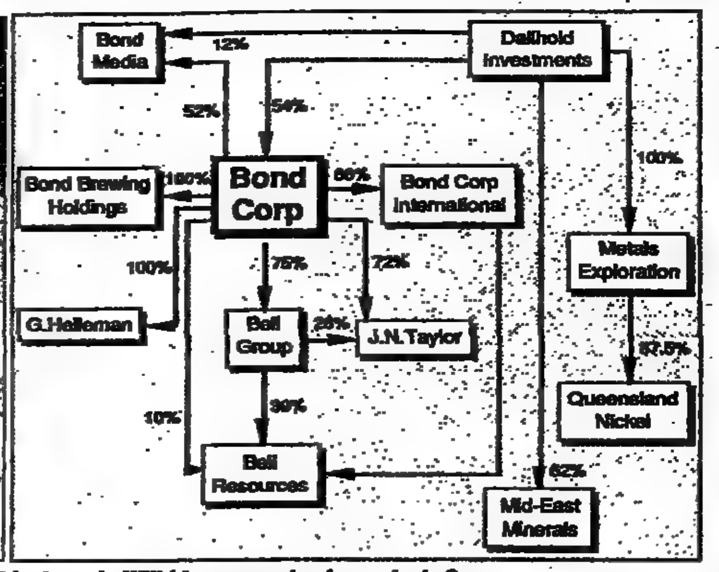
As one of his former senior executives said recently: "Alan's biggest problem was he did not know when to say no."

The key to his strategy was to seize a leading role in international brewing which, through the strong cash generating nature of the business, would provide the capacity to fund borrowings for diversification into gold mining, property and media.

Using his experience in the Australian brewing industry, where he owns the Castlemaine XXXX, Tooheys and Swan businesses, Mr Bond moved offshore to acquire Heileman. However, analysts believe this was the worst deal he ever did, and blame it for much of his current crisis.

Mr Bond appears to have overpaid for the company in his enthusiasm. The deal was struck just before the 1987 stock market crash. But the US beer market was also shrinking amid increased concern about health and stronger appreciation of wines. The regional nature of the business, centred on three cities, also made it difficult to compete with the larger national brands.





Alan Bond stumbles, but finds a helping hand aboard his yacht last week. Will his companies be so lucky?

At the same time conditions in the Australian beer market tightened with the arrival of several small brewers which precipitated a battle for market share among the two majors.

The difficulties at home and in the US combined to weaken the Bond group's cash generating power while interest charges grew sharply. The group's interest bill is reputed to have peaked at US$1m a week.

The signal that the entire strategy was being put into reverse came last year as he attempted unsuccessfully to sell the Australian brewing business, held under the Bond Brewing Holdings for A$3.5bn.

Several other attempts have since been made to sell the offshoot, culminating in a revised deal, estimated to have valued it at A$2.5bn and announced hours before banks sought to appoint a receiver to the subsidiary.

The international syndicate of banks, led by National Australia, is owed A$880m and its decision to pounce was founded in frustration with Mr Bond's failure to tie up a satisfactory deal while the whole structure of the group looked increasingly at risk.

The severity of Mr Bond's cash problems became public last year when it emerged that, in order to get his hands on the cash within Bell Resources, he put together a deal whereby Bell would pay Bond Corporation A$1.2bn as a deposit for the purchase of the brewing assets.

The payment of the deposit to Bond Corp went through and is now the centre of an intense legal effort by minority shareholders in Bell, including the Western Australian government, to have it returned while the National Securities and Exchange Commission is also investigating the deal.

Mr Bond's public image was also damaged by a ruling by the Australian Broadcasting Tribunal, the Government's media watchdog, that Mr Bond was not a fit and proper person to control a television network, although this ruling was later overturned.

The purchase of the Channel Nine Network from Mr Kerry Packer has proved another massive drain on the group's resources, reflected in a collapse in the shares of his Bond Media offshoot.

The network is up for sale at a time of turmoil in the Australian television industry where stations have been traded among several entrepreneurs with intense regularity during the past four years.

Weakened economic conditions have cut the television advertising since Mr Bond paid the A$1.05bn purchase price and it is generally agreed that he would be hard pressed to receive even A$700m for the network, particularly as a forced seller.

The sale of the 20 per cent stake in Lonrho last September is the most significant disposal he has completed, representing a forced withdrawal at a heavy loss after being poised to launch a £1bn-plus takeover attempt early last year. The blasts fired at the Bond group, alleging it was "technically insolvent," were also damaging as he struggled to balance his international borrowings.

Apart from the brewing and television interests, other assets for sale or under negotiation are as diverse as a 38 per cent interest in British Satellite Broadcasting in which he has invested £154m, coalfields in Queensland expected to return A$217m, a 53 per cent interest in Chile's national telephone company, a Western Australian newspaper chain, a UK insurance group and an Australian radio network.

Dallhold Investments, the Bond family's private company which is a 54 per cent shareholder in Bond Corporation, is estimated to have investments worth A$200m which will almost certainly come under attack from creditors if there is collapse.

Van Gogh's Irises, bought for A$69.5m by Dallhold, is unlikely to make the trip from Switzerland to Australia. If it does, Mr Bond will have fewer walls on which to hang it. On Wednesday he put up for sale his A$8m Sydney harbourside mansion.

Confidence ebbs with exposure of doubtful corporate morality

The threatened collapse of Mr Alan Bond's corporate empire caps more than a year of business debacles which have rendered all but the biggest and the best Australian stocks virtually untouchable in investors' eyes.

Collapses involving some of the country's leading names – like Hooker Corporation, the property and retail group, Qintex, the media and tourism operator, Budget, the country's biggest car rental group, and now possibly Bond – represent a delayed reaction to the 1987 stock market crash.

The collapses have shaken domestic and international confidence in Australian business at a time when the nation's economic performance has brought a downgrading of its standing by leading credit agencies.

On stock markets, the corporate collapses have produced a two-tier effect.

Only the high capitalisation companies can issue equity in the present climate, while debt funding has all but dried up with punitive corporate borrowing rates above 20 per cent. Excessive borrowings were the catalyst in every single large corporate collapse, raising pertinent questions about the competence of the country's business managers.

But worse still are the questions raised about corporate morality. The collapses have exposed extremely creative accounting practices which hid the parlous state of finances from shareholders, but there have also been much more specific revelations.

The Qintex collapse focused the spotlight glaringly on the widespread practice of service agreements between public corporations and private companies associated with their directors. Such payments totalling more than A$40m (US$31.35m) to private companies associated with Mr Christopher Skase, the Qintex chief executive, have attracted the interest of the National Companies and Securities Commission (NCSC), the country's stock market watchdog.

The NCSC is also forcing Dallhold Investments, the Bond family company, to pay back a A$30m fee received from last year's A$130m deal to sell Perth's Emu Brewery site to FAI Insurances.

And National Australia Bank has alleged in the current Victorian Supreme Court receivership action that Bond Brewing had made unauthorised payments totalling A$325m to Bond Corporation Holdings, its parent, last year. Bond has denied that these payments contravened the company's loan covenants.

There is the question of the A$1.2bn "deposit" by Bell Resources, another Bond offshoot, to the parent company which, more than any other deal, probably sowed the seeds for the current threat to Bond's corporate survival.

The deposit was the basis of a petition late last year by Mr John Spalvins, chief of the Adelaide Steamship investment group, to place Bell in receivership. The petition was backed by a Queen's Counsel opinion alleging an "obvious conflict between those (Bond) directors' duties to Bell and their duties as directors or senior executives of Bond."

But with litigation flying and the NCSC taking a role, businessmen and analysts have been unwilling to go on record with criticism of the corporate standards of Bond and others.

Mr Geoff Hill, the new independent chairman of Bell Resources, has certainly implied a strong distaste for Bond management practices by instituting an investigation into group transactions going back three years to before Bond bought Bell from Mr Robert Holmes à Court, a rival Australian entrepreneur.

Generally, though, the critic's role has been left to journalists, and one of the most strident has been Mr Terry McCrann, of the Melbourne Herald.

Mr McCrann has called for a special investigation into the Bond saga, describing it as a textbook case of unacceptable corporate behaviour. "Removal of Alan Bond from public and corporate life in Australia is entirely appropriate and indeed desirable," he said.

"They (Bond directors) have been a blot on the business and social landscape. The National Bank and its co-bankers are to be congratulated for taking the final step and pulling the plug."

Many of Australia's leading corporate entities stand to lose heavily if Bond enters a full-scale collapse – which would be the largest in Australia, and one of the biggest in the world, involving debts of A$6bn. The long list includes Adelaide Steamship, which has A$180m at stake in Bell Resources, as well as FAI Insurances and the West Australian State Government Insurance Commission, which each have an exposure exceeding A$300m.

But perhaps the most prominent sufferer from knock-on effects is Elders IXL, the beer and agribusiness conglomerate led by Mr John Elliott.

UK COMPANY NEWS

Fisher buys Dutch mushroom processor

By David Owen

ALBERT FISHER, the fresh produce distributor, is further expanding in Europe with the purchase of JJM Theeuwen Beheer (Holco), a Dutch processor and distributor of mushroom products.

The consideration, part of which is on a deferred profit-related basis, could be up to Fl 40m (£13m).

Last month Fisher launched a £180m rights issue and placing to fund growth. It has expanded aggressively in continental Europe, a region which now accounts for 35 to 40 per cent of profits. Businesses acquired include de Leeuw's, one of Europe's largest fruit processing companies, and Limax, a distributor of fresh mushrooms.

Fisher shares reacted positively to the latest announcement, climbing 4p to close at 127p. According to Mr Ian Quinlan, finance director, the impact on gearing – currently about 30 per cent (prior to the rights issue) – will be insignificant.

Holco, which processes asparagus products in addition to its mushroom activities, has a plant at Roermond in the Netherlands as well as sales and marketing companies in West Germany, Switzerland, Belgium and France. The majority of sales are exported to West Germany.

The group made adjusted pre-tax profits of Fl 5.4m in 1988 on turnover of Fl 83.7m. Net tangible assets were put at Fl 6.7m.

Mr Joep Theeuwen, Holco's owner, has entered into a performance-related four-year service agreement.

Fisher is funding the Fl 30m initial purchase consideration via a Fl 22m cash payment and the balance in new shares. The maximum additional consideration of Fl 10m will be placed in escrow and released in cash to the vendor on the basis of Fl 5 for every Fl 1 by which pre-tax profits exceed Fl 5m in the year to December 31 1990.

The new shares will not rank for the group's recently-launched rights issue but will rank for the one-for-10 bonus issue of warrants announced at the same time.

COMPANY NEWS IN BRIEF

ASD, industrial distributer and steel stockholder, has bought the business and assets of Batchelors Steel Services, of Haverhill in Suffolk. Assets were expected to be £250,000 at end-1989.

ASSOCIATED ENERGY Services: The rights issue of 20.77m new ordinary was subscribed to the extent of 11.17m (53.78 per cent). The balance has been allotted to underwriters and sub-underwriters.

BRITISH GAS will pay to the Government in March the £400m fourth instalment of a £2.5bn debt connected with the privatisation.

CARGO CONTROL: under the open offer, applications received for 839,262 ordinary shares (24.15 per cent). Balance will be taken up by placees.

GOODHEAD GROUP has purchased the title "Jacksonville Shopping Guide" and the operating assets relating to the publication in Florida, for $773,000 (£480,000).

LONDON INTERNATIONAL Group has purchased Bedford Colour Processing Laboratory together with the businesses of Barry Simmonds Photography, based near Tunbridge Wells, Robin Cook Film Laboratories of Worthing, and Business Photographic Services of Cardiff. Total consideration was some £1.6m cash, with £750,000 paid at completion and the remainder due over the next four years.

NSM has completed the sale of its last remaining property interest in California: Scripps Corporate Plaza, San Diego. The property was sold in December to Winger Development Corporation for $18.25m (£1.15m).

PEEL HOLDINGS: the purchase agreement for the proposed acquisition of Instantpast has lapsed due to residential development permission on land owned by Instantpast having been refused.

PORTMEIRION Potteries is to acquire Naugatuck Triangle for about $2m, satisfied by $440,000 cash, $352,000 in cash or shares, and $1.41m two-year loan notes bearing interest at 1 per cent above US prime rate.

RENTOKIL is expanding its office machinery maintenance division through the acquisition of Style Business Technology for £2.5m. In the year ended March 31 1989 SBT produced turnover of £3.78m and trading profit of £367,000.

SEAFIELD, through its subsidiary, Seafield International, has acquired H Tukker en Zonen Holdings and Gebr Heck v/h a Hartog, from H Tukker SNR for a total Fl 11m (£3.53m) in cash, with Fl 1m held in escrow until July 1990. The Tukker companies, based near Amsterdam, are involved in European transport and warehousing.

SPICE, the USM-quoted distributor of motor parts and accessories, has sold its Watford-based supercentre to Maccess for £1.3m.

STEEL BURRILL JONES Group announced contracts had been exchanged for the sale of its freehold interest in Stephenson House, Gravesend, Kent for £1.215m.

SURREY GROUP received acceptances in respect of 25.71m shares (79.4 per cent) for its recent rights issue. The balance has been sold in the market.

THAMES TELEVISION: the EGM approved the proposed acquisition of Reeves Communications via a recommended tender offer made by Thames (USA) Inc.

TUSKAR RESOURCES, USM-quoted independent oil company, said an exploration well in Turkey had tested at a flow rate of 330 barrels a day of light oil. Further testing was be needed, but recoverable reserves were between 10m and 20m barrels. Tuskar holds a 26.75 per cent interest in the licence area where the well is located, with an option to increase this to 37.5 per cent.

WILKES (JAMES) has received acceptances in respect of 2.23m shares (27.32 per cent) for its recent rights issue. Underwriters will take up the balance.

Life Sciences continues US expansion

By David Owen

LIFE SCIENCES International, the maker of medical diagnostics equipment, is continuing its US expansion with the $5.85m (£3.6m) purchase of Detroit-based Lipshaw Corporation, which specialises in the manufacture and distribution of body tissue handling and analysis products.

The deal is the fifth US acquisition by Life Sciences since October 1987. The company's US interests contribute over 80 per cent of profits.

According to Mr Christopher Bland, chairman, the bank loan-financed purchase will raise the group's gearing to some 80 per cent.

The shares responded to the announcement, rising 2p to close at 97p.

Under the acquisition terms Lipshaw's two principal shareholders – including Mr John Olmstedt, general manager – have subscribed for 332,078 new ordinary Life Sciences shares at 93p per unit.

Both have agreed to stay with the business, and have entered into non-compete and long-term consultancy agreements for which they will be paid $1.1m over three years.

Life Sciences intends to merge Lipshaw with its existing Shandon division, which makes a number of complementary products. This will involve the relocation of Lipshaw's manufacturing operation to the Shandon premises in Pittsburgh.

In the nine months to September 30 1989 Lipshaw made unaudited pre-tax profits of $725,000 on sales of $7.2m.

Harding sells floor joist business for an initial £3.43m

By Clay Harris

HARDING GROUP is to sell Earthspan, its concrete floor-joist business, for an initial £3.43m and concentrate on the distribution of electrical and engineering products.

The buyer is Kingsway Group, formerly Celcon, an unquoted manufacturer of concrete blocks and other building products. Its majority shareholder is Henriksen and Henriksen Industri of Denmark; a minority stake is owned by 3i.

Harding took a cash dividend of £1.25m from Earthspan at the end of December. It will receive up to £1.3m more from Kingsway depending on Earthspan's operating profits in 1989.

Mr Dennis Harding, chairman, said the disposal would eliminate his USM-traded company's borrowings. It intended to focus on organic growth, he said, "but if the right kind of acquisition comes up, we might be interested."

Earthspan accounted for 45 per cent of Harding's operating profits of £1.46m in 1988, but the proportion fell last year because of the weak housebuilding market. Mr Harding said there was every indication that the first half of 1990 would be very poor for housing starts.

Anglia TV lifts radio share stakes

Anglia Television is stepping up its holding in Mid-Anglia Radio and also announced it had bought 9.6 per cent of Essex Radio.

It is paying 800p each for 64,650 shares (8.6 per cent) in Mid-Anglia, which holds the two franchises for Peterborough and Cambridge and Newmarket. The holding equates to 19.6 per cent of the capital.

However, as 17,150 shares of the latest purchase were owned by Mr PG Sherman, a non executive director of Anglia, his wife and a company in which he has a substantial interest, Anglia shareholders will have to give their approval.

The purchase in Essex Radio was made on December 21 and comprised 94,367 shares priced at £13 each.

FT-Actuaries All-Share Index

THE FOLLOWING changes to the Financial Times-Actuaries All-Share Index took effect on January 2 1990:

Reclassifications: Of the 53 constituent stocks in the Mechanical Engineering subsection (Group 06), 44 will form the new Engineering-General subsection (Group 07). Eight of the remaining nine constituents, listed in the table below, will form the new Engineering-Aerospace subsection (Group 06).

The Transport Group will be renumbered from 45 to 44 and the Telephone Networks Group from 47 to 46.

A new Water Group (47) has been set up.

The Mining Finance Group (81) will be discontinued.

Individual company reclassifications: Anglian Water to 47 (from 48); Anglo United to 42 (03); British Aerospace to 06 (06); Expamet International to 10 (02); FR Group to 06 (06); Harrisons & Crosfield to 43 (91); Hunting to 06 (06); ML Holdings to 06 (06); North West Water Group to 47 (48); Polly Peck International to 26 (91); Portals Holdings to 31 (06); Rolls-Royce to 06 (06); RTZ Corporation to 10 (81); Severn Trent to 47 (48); Smiths Industries to 06 (06); Thames Water to 47 (48); Westland Group to 06 (06).

Insertions: Northumbrian Water Group, Southern Water, South West Water, Welsh Water, Wessex Water, Yorkshire Water.

All six go into the new Water Group (47).

Deletions: Aitken Hume International (70), Bemrose Corporation (32), Borthwicks (25), Dominion International Group (70), Eagle Trust (10), Gartmore Information & Financial Trust (71), A Goldberg & Sons (34), Joseph Holt (22), JS Pathology (27), PWS Holdings (67), Rea Brothers Group (68), Robertson Group (41), Ropner (43) and Vivat Holdings (35).

UK COMPANY NEWS

BET scents victory in £192m offer for Hestair

By Clare Pearson

BET, the services group, seems to be speeding towards victory in its £192m recommended cash bid for Hestair, the personnel services and consumer products company, as rival bidder Adia, the Swiss-based temporary help and recruitment concern, yesterday bowed out of the fight.

BET moved into the market to take its stake to 29.9 per cent of the Hestair shares: as much as it is currently permitted to hold under UK takeover rules.

This includes the 6.6 per cent stake - representing the whole of its holding - handed over by Adia yesterday.

Scenting success just three weeks after launching its offer, BET was able to buy the shares after an announcement from Adia that it would not be increasing its offer sent Hestair's shares tumbling from 334p to close at 321p.

Prior to the news, the shares had hovered above BET's terms on hopes of a higher offer than BET's 325p in cash, with a 13 for 11 share alternative.

BET's share price, depressed since the offer was announced because of investors' concerns about what is seen as a big move into a new sector, shed 12p to 259p.

"Evidently, we have a bit of explaining to do about what we are up to," said Mr Neil Ryder, head of corporate communications. "Hestair is in a sector which overlaps with what we already do. It is an attractive growth area but we are not planning to go out and buy loads of companies to add to our position in it."

BET is prevented, under UK takeover rules, from buying more shares in the target until it has obtained clearance from the anti-trust authorities in the US, where it has substantial interests. Mr Ryder said he was confident this technicality would be sorted out by next Thursday, the first closing date.

Adia's 282p cash offer lapses this afternoon, and it told BET on Wednesday night that it wanted to sell its stake. Mr Peter Muller, Adia's chief operating officer, said yesterday: "I wish them every success, but we think the price it is paying is wrong."

Mr Ryder said yesterday a move into employment agency operations was a natural extension of BET's extensive interests in contract staffing. He said Hestair was attractive because it had good market positions within the segments of the employment agency market where it operated. Hestair has been shedding its other interests over the last year.

Balmoral condemns Norfolk Capital's response to queries

By Andrew Hill

MR PETER TYRIE, who is heading an attempt to take over management of Norfolk Capital Group, has condemned the hotel company's reply to his questions about a court case in which Norfolk is being sued for more than £15m.

"We have received a reply, but it is not satisfactory," said Mr Tyrie yesterday.

Mr Tyrie is a hotelier and managing director of Balmoral International, a private Edinburgh company which owns about 12 per cent of Norfolk.

He and two other Balmoral executives are asking shareholders to vote on proposals that they should manage Norfolk for a fee of £500,000 a year, plus up to £7m more by 1994 depending on increases in earnings per share and dividends.

The trio also want shareholders to oust Norfolk's managing director, Mr Peter Eyles.

A special shareholder meeting is to take place in London on January 29.

Norfolk's letter confirms that legal action is taking place at the Edinburgh Court of Sessions. The case concerns a hotel redevelopment which was to be carried out two years ago with Edinburgh Property & Investment Company.

The letter adds that the group received proper professional advice in preparing its accounts for 1987 and 1988, which did not refer to the action.

Meanwhile, Norfolk's directors are to examine the conduct of one of their colleagues, Mr Tony Good, at a board meeting today.

Mr Good had general discussions with Mr Tyrie before he announced his proposals in early December.

Mr Good refused to comment yesterday, in advance of today's board meeting.

Acquisitions behind IAWS' rise to I£5.65m

IAWS GROUP, the expanding Irish agricultural concern, saw pre-tax profits for the year to end-September increase 56 per cent from I£3.68m to I£5.65m (£5.37m). Directors of this USM-quoted company said most of the growth reflected the acquisitions of James Allen, Sherriffs and Unigrain and higher sales in the food division.

They added that the group was committed to further investment including spending I£4m on the expansion of its fishmeal and fishoil processing side and I£2m on acquiring a site needed for the development of a fellmongering business.

Turnover for the year rose from I£137m to I£242m, an increase of 76 per cent. After tax of I£400,000 (I£288,000) and minority interests of I£136,000 (I£30,000) earnings per share came out at 6.6p (5p). A dividend for the year of 1.9p was paid in August.

BOARD MEETINGS

TODAY

Interim- Goode Durrant.
Finals- [illegible], Jersey Electricity.

FUTURE DATES

Interims-

Alfa	Jan. 30
Barbour Index	Jan. 17
Cantors	Jan. 16
Fairbriar	Jan. 10
Menvier-Swain	Jan. 22
Mosaic Investments	Jan. 15
Multitone Electronics	Jan. 11
North West Water	Jan. 10
Property Trust	Jan. 12
Vardy (Reg)	Jan. 8
Wood (John D)	Jan. 23
Zetters	Jan. 11

Finals-

Anglia Television	Jan. 18
Appleyard	Feb. 28
M & G Dual Trust	Jan. 10
VPI	Jan. 10

Poddington suffers loss of £69,000

Poddington, the Third Market company formed to promote the Poddington Peas children's characters, reported a loss of £68,928, or 0.4p per share, for the period January 20 to July 31 1989.

The company said that the result reflected the period when it was producing its first 13 animated cartoons, having no turnover or income other than bank interest.

Since the end of July the company had signed distribution and publishing agreements and progress was being made in the licensing of the characters.

A seven-year agreement had been signed with BBC Television for the screening of the cartoons.

Whitbread sale

Whitbread, the UK brewer, has sold PCM, its amusement machine supply business to rival brewer Bass.

The business includes the PCM brand name, machine stocks and more than 5,000 machines at outlets owned by Whitbread and other brewers.

£155m Euro issue helps Boots to repay Ward White debt

By Maggie Urry

BOOTS, the UK retail and pharmaceutical group, yesterday launched a £155m Eurosterling convertible bond issue.

The money raised will be used to refinance some of the short-term borrowings incurred when it paid £900m for Ward White, another retail group, in August last year. Yesterday's launch follows a $175m fixed rate Eurobond issued last year.

The issue, which was increased in size from £140m, was accompanied by a statement on current trading from Mr Robert Gunn, Boots' chairman. He said that the Boots the Chemist chain had a satisfactory Christmas season.

Sales in the period were 7.3 per cent higher than in the same period the year before. Boots the Chemist had "a particularly strong performance" in the final week before Christmas, with sales topping £130m, a 15 per cent increase.

Mr Gunn said that the rate of the chain's retail turnover growth had slowed in the fourth quarter of 1989 from the high level seen earlier in the year, but that margins had continued to increase.

He said the group's other major businesses – the pharmaceutical division, the Payless DIY retail chain, and the Halfords car parts retailer – "have progressed in line with earlier expectations". Halfords is believed to be seeing 20 per cent sales gains, but Payless, in common with other DIY businesses, has done less well.

Boots is expected to sell Whitlock, Ward White's US auto parts retailer, before the end of the financial year in March, further reducing the debt taken on with the bid.

The convertible issue carries a 6 per cent coupon, and compared with the cost of the short-term borrowings it will replace, Boots' borrowing costs will be cut by around £15m in a full year.

The bonds will convert into Boots ordinary shares at a price of 335p, 18.8 per cent above the closing share price of 282p, down 9p. If all the bonds are converted into shares, Boots' share capital would increase by 5 per cent.

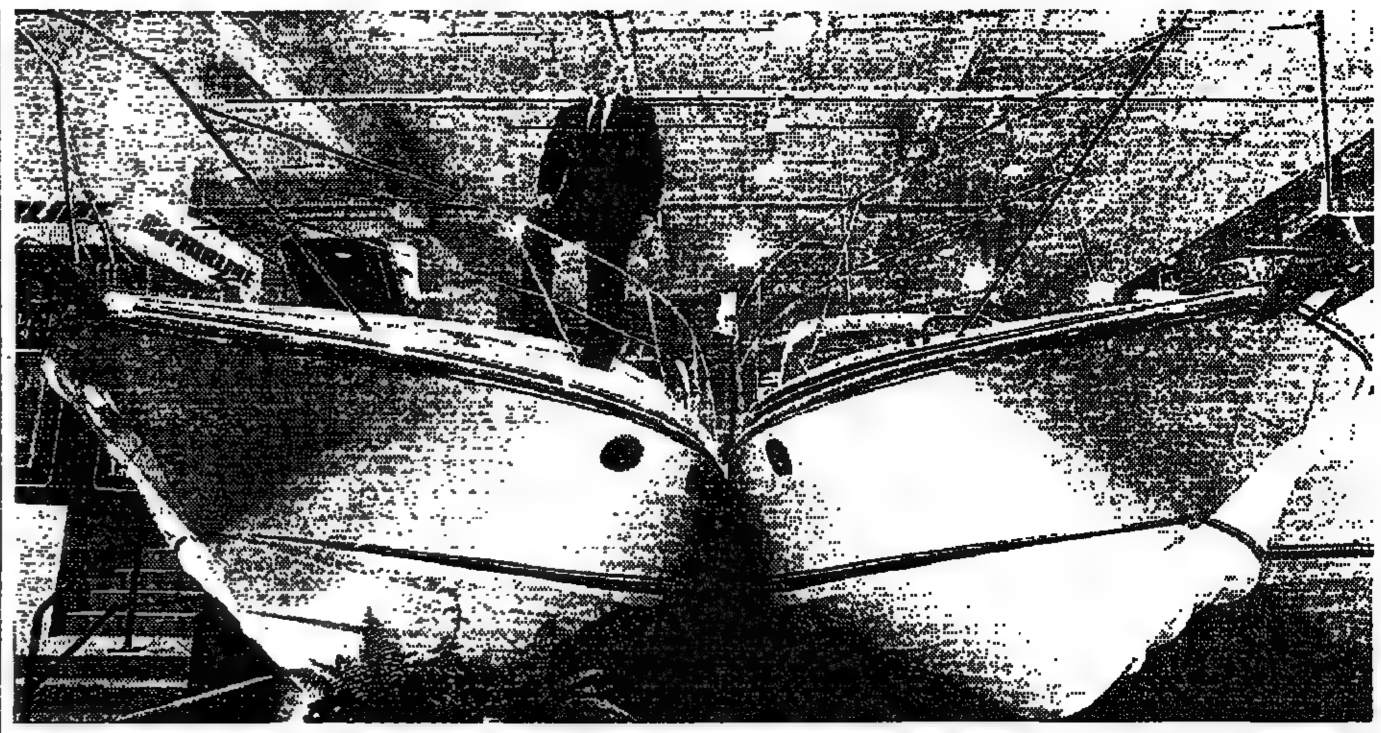
The final redemption date is 2005, but investors will have a put option exercisable in 1995 at a price to give a redemption yield of 11.69 per cent.

Boots will have the right, before the put option is due, to offer investors a further put option, which could persuade investors not to exercise the original put. Lead manager to the issue is SG Warburg Securities.

Bulmer offshoot sale

Bulmer Australia, an offshoot of HP Bulmer, the UK cider and soft drinks group, has sold its Valencio fruit juice business to Southern Farmers Group for A$8.4m (£4.2m) cash. Proceeds will be used to reduce borrowings.

In the 12 months to April 28 1989, Valencio incurred a trading deficit of A$112,000. Net tangible assets at June 30 stood at A$5.1m.



Fairline Boats, builder of luxury power boats, yesterday marked the opening of the International Boat Show at Earls Court, London, by announcing it had received an approach which could lead to a takeover bid, writes Clay Harris.

Fairline shares rose 112p to 335p, valuing the company at £29.2m. Its future rests in the hands of Mr Sam Newington (above), chairman and managing director, who together with his family controls 55 per cent of Fairline's shares. The approach has come from outside the company but appears to be based on the premise that the current management will stay in place, at least in the short term.

Mr Newington, who is 55 in March, said Fairline's order book was higher than at the same time last year. He said he was very optimistic on export sales, which account for 60 per cent of orders, but less so on the domestic front.

The company is exhibiting nine boats at Earls Court, ranging from its largest – a 50 ft model costing £250,000 – to the smallest, which sells for a mere £20,000. Fairline's pre-tax profits rose by 14 per cent to £4.14m in the 12 months to September 30 1989.

Driving fear into the motor trade

John Thornhill on 1990's first hostile bid – by Jameel for Hartwell

THE SEASON of goodwill has not lasted long. Just four days into the new year, the Saudi Arabian Jameel Group has launched the first hostile UK bid of the decade in making a £151.3m offer for Hartwell, the Oxford-based motor dealer and property developer.

The contest promises to be an unusual and bruising encounter.

On the one side stands a little known regional motor distributor, with a steady if unspectacular financial record, but with a strong family involvement in the company and a stubborn resolve to remain independent.

On the other is a still less known Saudi Arabian company with a seemingly bottomless well of cash and a determination to expand in motor distribution in Europe.

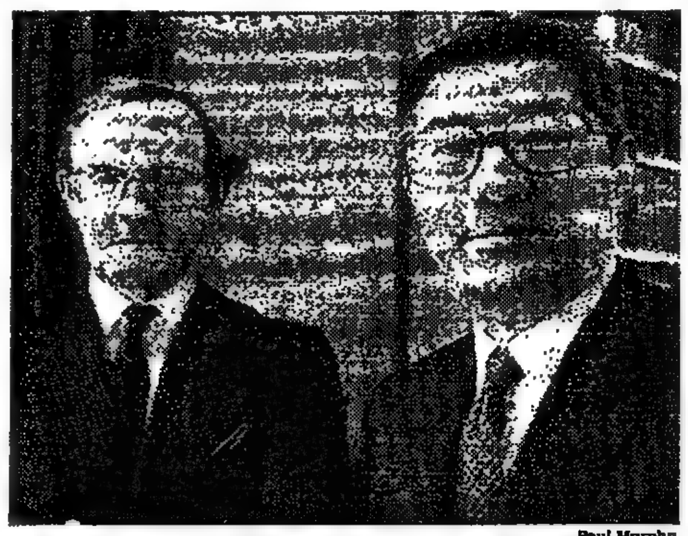
The battle looks set to revolve around two main issues.

Firstly, Jameel will focus the main thrust of its attack on Hartwell's financial record and what it claims is the company's underperformance in comparison with its competitors. In particular, Jameel has criticised Hartwell's earnings per share performance and the potentially dilutive effect of two recent acquisitions.

Last May, Hartwell paid £30.2m for two motor distributors owned by the Mercantile Group but the move was opposed at the time by Jameel.

Mr John Wei, chief executive of Oakhill, the subsidiary through which Jameel is making the offer, repeated his objections yesterday: "We believe that they dramatically overpaid for the businesses at a time of high interest rates and at a bad time for the motor sector."

He added: "If Hartwell's management continued to run the company in the way it has done in the past, then our investment would have been jeopardised."



Paul Murphy

Rupert Carington, left, chairman of Oakhill, and John Wei, chief executive: long term ambitions to expand in car distribution

But Mr Peter Huggins, Hartwell's chairman, was yesterday unabashed by the criticism. "Our profits and assets have grown over the last five years, and we think we have a good track record," he said.

Jameel began buying shares in Hartwell in October 1987 and built up a holding of 19.3 per cent. It has held six meetings with Hartwell directors to discuss possible co-operation and has asked for a seat on the board. It has said all its suggestions had been rejected.

But Mr Wei said that Jameel still had long-term ambitions to expand in car distribution in Europe and could in turn bring great benefits to Hartwell. "Jameel has considerable depth of management and experience in motor distribution and property. We want to use Hartwell as a base for further growth," he said.

But although many City motor analysts agreed yesterday that the cash price Jameel was prepared to pay was a fairly full one, some of them said the bid might not be decided solely by financial criteria. As Mr Rob Golding, the motor industry analyst at Warburg Securities, said: "This bid is also a challenge to the motor manufacturers."

It has always been assumed that the big car manufacturers disapproved of contested takeovers and would automatically review and might withdraw their franchises from dealers in the event of an unapproved change of ownership. One analyst expressed the manufacturers' attitude: "If you want to sell our cars, you deal with us, you don't make hostile bids for the peddlers of our metal."

With last year's acquisitions, Hartwell now runs 33 car and truck retailing sites, representing a variety of manufacturers including Rover, Ford, Jaguar, Leyland Daf, BMW, Mercedes Benz, Vauxhall and Nissan. But the bulk of its business is with Ford and Rover which are known to operate strict franchising rules.

Jameel yesterday played down any potential difficulties in transferring franchises. Mr Wei said: "We do not yet own any franchises in the UK but have made our interest known to a lot of manufacturers. We have had a lot of talks with Ford, Vauxhall, Rover and Mercedes Benz."

Ford confirmed last night that it had already held general discussions with Jameel. "It has done everything by the book as far as Ford is concerned and one of our managers went to Saudi Arabia to see their Toyota operations there."

But he added that the Ford franchises would be reviewed in the light of a successful takeover and that some would inevitably be lost because of new franchising rules that had been introduced since Hartwell acquired some of its franchises.

Whatever the outcome, the battle will be closely scrutinised by the motor industry for the precedent it could set for other takeovers in the sector.

If Jameel wins Hartwell and succeeds in persuading the manufacturers to transfer their franchises, then many of the industry's assumptions will have to be rethought and other bids in the sector may well follow – especially, analysts suggest, later in the year when some dealers are expected to report dispiriting results.

SALES AND PROFITS

Year to Feb 29	Turnover (£m)	Pre-tax profits (£m)	Earnings per share (pence)
1985	218	5.02	6.7
1986	266	5.71	5.9
1987	272	6.12	5.0
1988	333	9.74	8.1
1989	404	10.4	8.53

SHARE STAKES

The following changes in company share stakes have been announced recently:

AAH Holdings: Schroder Investment Management is managing portfolios holding in aggregate 3.76m shares (5.63 per cent).

Aberdeen Petroleum: Discretionary clients of Kleinwort Benson Investment Management hold 9.66m shares (18.76 per cent).

Edmond Holdings: Willesley Clay acquired 150,000 shares. It now holds 11.24m (22.25 per cent) of the voting shares.

Newman Tonks: Scottish Amicable Investment Managers hold under management a total of 4.76m shares (5.95 per cent).

Next: Schroder Investment Management is managing portfolios holding in aggregate 18.69m ordinary (5.07 per cent).

Raine Industries: Scottish Amicable Investment Managers disposed of 150,000 ordinary, reducing holding to 9.23m (7.33 per cent).

Ramsdens (Harry): Kuwait Food Company bought 40,000 shares increasing holding to 800,000 (13.33 per cent).

PUBLIC WORKS LOAN BOARD RATES

Effective January 4

Years	Quota loans repaid by EPI†	Quota loans repaid AT††	Quota loans repaid at maturity§	Non-quota loans A* repaid by EPI†	Non-quota loans A* repaid AT††	Non-quota loans A* repaid at maturity§
1			14			14¾
Over 1 up to 2	13⅝	13½	12½	14⅝	14½	13¼
Over 2 up to 3	12⅞	12¾	11⅞	13⅞	13¾	12⅝
Over 3 up to 4	12¼	12⅛	11½	13¼	13⅛	12¼
Over 4 up to 5	12	11⅞	11⅜	13	12⅞	12⅛
Over 5 up to 6	11¾	11⅝	11¼	12¼	12⅛	11¾
Over 6 up to 7	11⅝	11½	11⅛	12⅛	12	11⅝
Over 7 up to 8	11½	11⅜	11	12	11⅞	11½
Over 8 up to 9	11⅜	11¼	10¾	11⅞	11¾	11¼
Over 9 up to 10	11¼	11¼	10⅝	11¾	11¾	11⅛
Over 10 up to 15	11	10⅝	10¼	11½	11⅛	10¾
Over 15 up to 25	10⅜	10⅛	10	10⅞	10⅝	10½
Over 25	10	9⅞	9⅞	10½	10⅜	10⅜

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Diamond earnings down in spite of price rise

By Kenneth Gooding, Mining Correspondent

SALES FIGURES released yesterday by De Beers, the South African mining group which controls about 80 per cent of world trade in rough (uncut) diamonds, showed growth in demand for diamonds came to a halt last year.

De Beers said sales by its London-based Central Selling Organisation fell 2 per cent from the record $4.172bn in 1988 to $4.086bn.

That was in line with analysts' expectations and with De Beers early warning that it would be unrealistic to expect the "unusual and exceptional momentum of sales growth of 1988 to be maintained." In dollar terms its 1988 diamond sales were up 35 per cent on the 1987 figure, itself up 20 per cent on the previous year.

The CSO said yesterday that, in contrast with its own sales, world retail diamond jewellery sales grew by about 5 per cent last year in US dollar terms.

"This must be considered more than satisfactory on top of the extremely high levels of growth in 1987 or 14 per cent and 1988 of 16 per cent," it said.

However, there was some slowing in demand for certain of the larger stones and CSO sales to the market reflected this. "CSO sales are determined ultimately by consumer demand," it was pointed out.

The CSO's performance looks even weaker in view of an exceptionally large 15.5 per cent price increase implemented last March. The organisation said its sales had failed to match the retail market because the industry had reacted to the slower rate of growth by ceasing to augment stocks and even by selling from stock. This was not unusual, the CSO insisted.

It presented 1989 as "a year of consolidation when diamond markets returned to more normal and stable conditions." Sales were affected by high interest rates, an unexpected appreciation of the US dollar and a slowing down of global economic growth, "all of which will again determine the level of sales for 1990."

The adverse elements hit the CSO hard in the second half of 1989 and sales fell by more than 10 per cent from $1.971bn to $1.769bn. The first six months saw a 5 per cent increase from $2.2bn to $2.3bn.

In South African rand terms, 1989 sales improved by 13 per cent, from R9.5bn to R10.66bn.

Analysts do not expect to see serious weakness developing in the diamond market in 1990. But "progress in CSO sales will not be easy with economic growth likely to be sluggish," said Mr Michael Coulson and Mr Charles Kernot, mining analysts at Kitcat & Aitken.

RTZ to raise Bingham output

By Kenneth Gooding

RTZ CORPORATION, the world's biggest mining company, is to expand annual copper output at its Bingham Canyon mine in Utah by 15 per cent at a cost of $227m.

Bingham, already one of the world's biggest and lowest-cost copper mines following substantial rationalisation in the mid-1980s and a $400m modernisation programme, will boost output from 235,000 short tons of copper a year to 270,000 tons by the end of 1992.

The mine, 25 miles from Salt Lake City, is owned and operated by Kennecott Corporation and was one of the most important assets acquired by RTZ as part of its 1989 acquisition of British Petroleum's mineral interests for $3.6bn.

Bingham was shut for nearly two years from March, 1985, mainly because of the exceptionally low market price for copper at that time. However, the rationalisation, which reduced the workforce by half to 2,000, and the modernisation scheme, completed in 1988, cut copper production costs to below 40 cents a lb.

This is partly because of valuable by-production of, currently, 350,000 troy ounces of gold, 2.6m ounces of silver, 4,360 short tons of molybdenum and 570,000 short tons of sulphuric acid. These levels should also be boosted by about 15 per cent.

Mr Frank Joklik, president of Kennecott, said yesterday that the increase in processing capacity, from 107,000 short tons of ore to 142,000 tons a day, would not shorten the anticipated 25-year working life of Bingham because material previously planned to be dumped as waste would in future be processed as ore.

Brazil resumes orange juice exports

By John Barham in Sao Paulo

BRAZIL HAS begun authorising orange juice exports again after the Government and juice producers reached agreement over a new pricing mechanism, thus easing world supplies following the Christmas frosts which damaged Florida orange groves.

Cacex, the Government's foreign trade department, has established a new export price of $1,470 a tonne of frozen orange juice concentrate. Under the new rules, that price will be increased daily by $10 until it meets prices on the New York Cotton Exchange, where orange juice contracts are traded.

The cumbersome process is intended to prevent exporters from channelling part of their export earnings to offshore accounts thus depriving the Central Bank of desperately-needed hard currency.

This is Cacex's second recent intervention in Brazil's commodity trade. Late last year it refused to approve exports of some 100,000 tonnes of sugar because it is illegal to issue export licenses for products being sold below world prices. The exports are embargoed pending a full court hearing, which cannot take place until February.

Under the previous arrangement, Cacex tied orange juice export prices to a 20-day moving average of Cotton Exchange prices. However, the sudden burst in prices over Christmas left the average was lagging seriously behind the daily level. Before the suspension, Cacex's price was one-third below the market price. Now it is about 14 per cent lower.

Exporters are thus under less of an temptation to siphon part of their windfall profits to secret bank accounts.

Brazil is the world's leading orange juice producer. Exports in 1989 are estimated at 700,000 tonnes, worth $1.12bn.

BRAZIL'S COFFEE export earnings fell by almost 20 per cent to $1.8bn in 1989. The drop, which was less severe than first expected, was due to the collapse in July of the International Coffee Agreement, which supported world coffee prices.

The ICA's demise led to a 50 per cent slide in coffee prices. However, the falling prices were only felt in the second half of the year and were partly offset by a rise in Brazil's export volume to 18.3m bags (60 kg each) compared with 17.1m bags in 1988.

Chinese oil industry begins to feel its age

A special correspondent in Peking reports on the growing problem of flagging output

IN THE face of declining oil reserves and rising energy consumption, China is under increasing pressure to make significant new oil discoveries in the north-western region of the country if it is to avoid becoming a net importer of petroleum in the late 1990s.

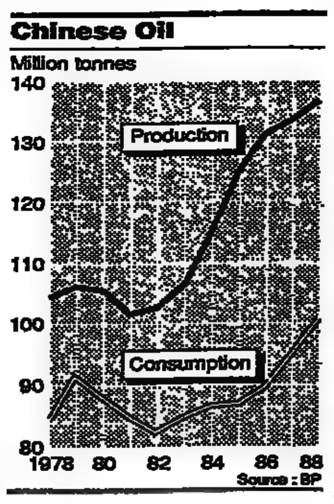
"The Chinese are fighting not to increase but just to maintain their production," one Peking-based western oil expert said. "They are producing more oil than they are finding. They are not finding the reserves to replace what they have extracted."

One of the world's top six oil-producing countries, China faces the prospect of a gradually decreasing output over the coming decade. Production in 1988 was 137m tonnes and was estimated to have risen only slightly to 137.5m tonnes in 1989,according to the official Chinese-language People's Daily, 4m tonnes less than the state quota set for the industry.

Nearly all of China's oil fields are old. The largest, Daqing, in the north-eastern province of Heilongjiang, has been in production for 14 years. With an output of about 50m tonnes a year, it accounts for about 40 per cent of China's oil production. However, this level can be maintained only until 1995, according to the China National Petroleum and Natural Gas Corporation, quoted in the official English-language China Daily.

The second largest, Shengli, on the coast of Shandong province, accounts for another 25 per cent of Chinese production, and other oil fields are scattered around the country. The major ones include the Sichuan Basin, in the south-west, the Ordos Basin, straddling the central provinces of Ningxia and Shaanxi, and Liaohe in the north-eastern province of Liaoning.

Although China faces the prospect of decreasing oil reserves, it is still likely to continue exporting between 20m and 25m tonnes annually, oil analysts believe. "China will find it increasingly difficult to maintain its oil exports," one western oil expert noted, "but Beijing will constrain the domestic economy to export (to earn foreign exchange for its exploration and development programme)."



Children play in front of an oil pump erected between housing blocks in Daqing, China's biggest oil field

Most of China's oil exports currently go to Japan, while some is also shipped to North Korea, the US and South Korea.

The 30 to 40 per cent increase required to reach the country's goal of producing 200m tonnes by the year 2000 will be hard to achieve, oil industry experts say, although the Tarim Basin, a desert which is larger than Texas in north-western Xinjiang province, may have sufficient reserves.

The Chinese have recently announced the discovery of oil at a test well in the central part of the basin, but western experts are cautious about the find, saying it is too early in the exploration process to evaluate accurately the extent of the reserves.

"There is not enough data about what is recoverable," one western diplomat said.

Some oil experts have also questioned the quality of the oil, saying it was not clear from the data the Chinese provided whether oil or some form of gas had been discovered.

Despite the uncertainty, the Tarim Basin, the Junggar Basin, to the north of the Tarim, and the Qaidam Basin, in Qinghai province, together could have reserves comparable to those found in the north sea or possibly to larger fields in the middle east, western oil analysts said.

"The Tarim basin could potentially be the largest oil deposit in China," one western diplomat said. "It could be as big as or bigger than Daqing."

But the Chinese have severely limited foreign participation in the exploration and development of the country's north-west to four or five oil field service companies. And they have restricted them to solving the most difficult, intractable problems. None of the major oil companies is involved in the north-west.

Several reasons have been suggested for keeping the foreign role to a minimum: a desire to retain the maximum amount of profit for China should large oil deposits be discovered; traditional xenophobia surrounding the north-west, which is near the Soviet border, a strategically sensitive area; and China's policy of self-reliance.

The development of the Daqing oil fields has served as an important model for China's independence. When the Soviets abruptly pulled out of the country in the 1960s, the Chinese were suddenly left to operate Daqing without assistance and their subsequent success was a triumph.

An additional, extremely important reason for limiting foreign participation in the north-west concerns China's internal politics: The China National Petroleum Corporation, which manages onshore oil exploration, has a reputation for being conservative and highly bureaucratic. Its president, Wang Tao, and Li Peng, China's current premier, are reported to have been in the same class of orphans adopted by former premier Chou Enlai. Western oil experts say Wang is reported to dislike foreigners and to be partly responsible for the current difficult relationship with foreign oil companies.

Despite the present negative climate, western experts believe several issues could prompt the Chinese leadership to reconsider its anti-foreign position.

One of the primary problems in the north-west is the huge cost involved in exploration, development, and transportation. The oil discovered so far in the Tarim is very deep and is in a complex geological area where underground temperatures and pressures at great depths could pose difficulties.

The environment is harsh, with wide temperature extremes, and the population is sparse.

"The problems in the Tarim Basin have been likened to those of the North Slope in Alaska," one oil expert said. "They have different problems, but the remoteness and lack of infrastructure are very similar. The cost of operation is very high."

Even if massive oil reserves are discovered, the Chinese must transport the crude to the coast where it is needed, and most analysts believe a cross-country pipeline would be required. Construction of such a pipeline – which would be the longest in the world, surpassing the Soviet gas pipeline to Northern Europe – would cost billions. "It would make the great wall look simple," one western analyst commented, "and the North Slope pipeline would look small."

While the Chinese lack the capital resources and expertise to build quickly a pipeline several thousand km long, they could do it themselves over time.

"The costs are prohibitively high, and there is technology involved with which the Chinese are not familiar," one oil expert noted. "The Chinese can do it, but not as efficiently and cost effectively as a foreign oil company."

However, analysts believed a reversal in the present policy of not allowing foreign oil companies into the north-west is unlikely unless the current conservative leadership changes and the head of the China National Petroleum Corporation is replaced.

In contrast to the north-west, China has welcomed foreign companies participation in offshore oil exploration in the South China Sea. So far, however, the discoveries have been a disappointment.

Offshore oil production currently accounts for only 2 to 3 per cent of the country's total annual output.

The East China Sea is another potentially large oil basin, but is the subject of border disputes with Japan and Korea.

Thus, in the long term, the north-west is critical to China's oil exploration programme and the development of its economy. "The north-west should have been opened up years ago," one western expert said. "The longer the Chinese wait, the worse the situation becomes."

Five-cornered talks on food safety, trade and environment

By Nancy Dunne, near Orlando, Florida

FIVE TOP agricultural policy makers, representing the bulk of the non-communist world's food production, yesterday agreed to develop a crisis management plan on the safety of the world's food supply.

In the first meeting of its type, dubbed the "Quint" by its US organisers, the agriculture ministers of the US, Canada, Japan and Australia, plus the European Community's Agriculture Commissioner, also agreed to meet again this year "to augment" the efforts of trade ministers, now struggling for a resolution of contentious farm issues within the Uruguay round.

A US official said the ministers had readily agreed that food safety had become "a front burner issue" requiring increasingly more time from agriculture ministers. Discussion yesterday included the case of the two Chilean grapes, found to contain cyanide, which resulted in massive losses to the Chilean industry.

Canada's team, headed by Mr Donald Mazankowski, the Agriculture Minister, led the safety talks and was asked to develop suggestions for a crisis management mechanism.

Mr Clayton Yeutter, the US Agriculture Se[illegible] discussions on the Uruguay round, focussing on the procedures in the hope of avoiding a last-minute impasse. He said the intention was not to pre-empt trade ministers but to have agriculture ministers along with their top aides discuss and debate in hopes of clarifying possible trade-offs.

The Uruguay round concludes in December. US officials will be busy meanwhile with the new farm programme and the EC's with the 1992 "single market" and developments in Eastern Europe.

Most of the items on the agenda have dimensions beyond the Urugay round. The EC today is to lead talks on environmental issues. Japan leads on food security concerns and Australia, representing the Cairns Group, on international competitiveness. Mr Yeutter said issues facing farm ministers had grown more international in scope. "We can do a lot more co-operatively on our common interests," he said.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD recovered in the afternoon after easing in morning trading on the bullion market. It closed at $395.75 an ounce, up $1.25, on the back of an easier dollar and active buying. Traders said the market could go back over $400 after a period of consolidation as bullish sentiment returned to a somewhat oversold market. The sugar market had another active day after Wednesday's dramatic late rise – yesterday morning's LDP for raws rose $25.40 to $339.40 a tonne. Traders said the market was underpinned by talk that Mexico had bought up to 300,000 tonnes; that US import quotas could rise to replace crops damaged by frost; and that Cuba had arranged a deal with a London trade house to swap 500,000 tonnes of 1990-91 sugar for current supplies to ship to China. On the LME copper prices continued to rise.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.00-8.15w	-0.80
Brent Blend	$21.20-1.30	-.725
W.T.I. (1 pm est)	$22.89-2.92w	-0.86
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$228-230	+8
Gas Oil	$236-238	-6.5
Heavy Fuel Oil	$107-109	-2
Naphtha	$191-193	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$395.75	+1.25
Silver (per troy oz)♣	523c	+7
Platinum (per troy oz)	$479.25	+3.65
Palladium (per troy oz)	$134.15	+0.65
Aluminium (free market)	$1645	+10
Copper (US Producer)	109⅝-111c	
Lead (US Producer)	39.5c	
Nickel (free market)	375c	+10
Tin (Kuala Lumpur market)	17.92r	-0.12
Tin (New York)	308.5c	-1.0
Zinc (US Prime Western)	73¼c	
Cattle (live weight)†	113.71p	-2.46*
Sheep (dead weight)†	203.83p	-8.49*
Pigs (live weight)†	82.44p	-3.52*
London daily sugar (raw)	$339.4t	+25.4
London daily sugar (white)	$401.0	+22.0
Tate and Lyle export price	£324.5	+16.5
Barley (English feed)	£118.5	
Maize (US No. 3 yellow)	£131	
Wheat (US Dark Northern)	£132	
Rubber (spot)♥	64.25p	-0.75
Rubber (Feb)♥	56.75p	-0.75
Rubber (Mar)♥	57.75p	-0.75
Rubber (KL RSS No 1 Jan)	224.0m	-0.5
Coconut oil (Philippines)§	$435t	-10
Palm Oil (Malaysian)§	$270	+2.5
Copra (Philippines)§	$280	
Soyabeans (US)	£169t	+1
Cotton "A" Index	76.40c	+0.40
Wooltops (64s Super)	573p	-3

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. y-Oct. x-Dec/Jan. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Jan †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	622	624	622 617
May	634	635	633 627
Jul	649	648	648 643
Sep	663	665	664 656
Dec	687	689	687 683
Mar	705	707	706 702
May	718	718	717 715

Turnover: 2805 (3230) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 4 738.75 (732.17):10 day average for Jan 5 734.26 (734.09)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jan	633	634	639 632
Mar	651	654	657 650
May	665	667	670 663
Jul	677	682	684 677
Sep	694	698	700 694
Nov	716	714	715
Jan	733	733	734 734

Turnover: 2554 (4135) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 3: Comp. daily 63.77 (63.07). 15 day average 62.36 (62.25)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	311.00	311.60	315.00 308.00
May	311.40	310.60	313.80 308.00
Aug	307.60	308.00	312.00 305.00
Oct	301.40	300.00	304.00 300.20
Mar	284.40	285.00	287.00 284.00
White	**Close**	**Previous**	**High/Low**
Mar	395.00	391.50	395.00 393.00
May	392.50	391.50	393.00
Aug	397.00	395.00	397.50 390.50
Oct	373.00	368.50	373.00 370.00
Dec	357.50	355.00	358.00 357.50
Mar	358.00	354.00	358.00 357.50

Turnover: Raw 8483 (4485) lots of 50 tonnes. White 1357 (1406)
Paris- White (FFr per tonne): Mar 2295, May 2305, Aug 2350, Oct 2195, Dec 2150, Mar 2160.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Feb	21.69	21.70	22.28 21.69
Mar	20.79	20.95	21.47 20.77
Apr	20.30	20.34	20.82 20.30
IPE Index	21.57	20.62	

Turnover: 15024 (11109)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jan	233.25	237.00	243.00 232.75
Feb	209.50	214.50	219.50 209.50
Mar	187.00	194.25	193.00 179.00
Apr	176.00	183.00	185.00 174.00
May	172.00	178.25	176.50 172.00
Jun	175.00	175.00	179.00 175.00

Turnover 14484 (11313)lots of 100 tonnes

FRUIT AND VEGETABLES
FOLLOWING the Christmas break supplies of English fruit may be slightly shorter this week but there are still plenty of crisp English Cox's apples at 35-55p a lb (30-55p) and English Bramley cooking apples at 30-38p (25-38p), reports FFVIB. Festive favourites Brussels Sprouts at 30-50p a lb (35-50p) are still plentiful, as are carrots at 10-28p, parsnips at 25-40p and mushrooms at 35-75p a ½lb depending on the varieties. The best salad buys are round lettuces at 20-30p each and English watercress at 30-40p a bunch. Cucumbers at 50-70p each and tomatoes at 65-90p a lb are still good value although slightly shorter in supply.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 9,875 tonne
Cash	1644-6	1649-61	1646	1644-5		
3 months	1644-5	1650-1	1650/1641	1644-5	1641-3	55,890 lots
Copper, Grade A (£ per tonne)						Ring turnover 46,125 tonne
Cash	1559-61	1530-2	1550/1548	1547-8		
3 months	1555-6	1535.5-6	1555/1540	1547-8	1547-8	66,093 lots
Lead (£ per tonne)						Ring turnover 8,750 tonne
Cash	438-40	456-7	450	449-50		
3 months	431-2	432-3	440/432	440-1	431-3	9,744 lots
Nickel ($ per tonne)						Ring turnover 3,457 tonne
Cash	8050-100	7975-8025	8100/8075	8075-100		
3 months	7800-25	7750-75	7875/7800	7875-900	7800-25	6,198 lots
Tin ($ per tonne)						Ring turnover 600 tonne
Cash	6720-40	6725-35	6710	6660-80		
3 months	6840-50	6840-50	6960/6800	6815-20	6830-40	6,084 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 25,275 tonne
Cash	1325-30	1360-5	1332/1320	1320-2		
3 months	1303-5	1310-2	1320/1295	1307-8	1308-10	15,414 lots
Zinc ($ per tonne)						Ring turnover 2,800 tonne
Cash	1310-20	1370-80		1340-50		
March 30	1280-90	1310-20		1295-300		1,368 lots

LME Closing £/$ rate: SPOT: 1.6260 3 months: 1.6003 6 months: 1.5736 9 months: [illegible]

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	199.3	203.2	203.5 199.0
May	224.0	228.0	227.0 223.5

Turnover 317 (294) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Apr	140.00		140.00

Turnover 105 (124) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/Index point

	Close	Previous	High/Low
Jan	1668	1660	1669 1660
Feb	1694	1686	1695 1685
Apr	1694	1687	1695 1685
Jul	1424	1424	
Oct	1536	1513	
BFI	1609	1602	

Turnover 444 (200)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Jan	114.35	114.25	114.50 114.40
Mar	117.95	118.10	118.30 117.95
May	121.45	121.60	121.80 121.45
Jun	123.10		123.20 123.10

Barley	Close	Previous	High/Low
Jan	111.85	111.80	111.80 111.80
Mar	113.65	113.85	113.90 113.75
May	115.40	115.50	

Turnover: Wheat 179 (173), Barley 26 (57).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	105.0	107.5	106.0
Apr	108.5	108.0	107.0
Jun	109.0		107.5

Turnover 42 (10) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	395½-396	243-243½
Opening	395½-396	245½-246
Morning fix	394.95	244.175
Afternoon fix	395.50	243.850
Day's high	397-397½	
Day's low	393½-394	

Coins	$ price	£ equivalent
Mapleleaf	405-410	249-252
Britannia	405-410	249-252
US Eagle	405-410	249-252
Angel	405-410	249-252
Krugerrand	395-398	242½-244½
New Sov.	93-95	57-58
Old Sov.	93-95	57-58
Noble Plat	488.60-498.35	301.60-306.40

Silver fix	p/fine oz	US cts equiv
Spot	321.10	519.60
3 months	333.25	530.75
6 months	345.25	541.80
12 months	368.55	564.10

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1550	104	112	9	28
1650	40	56	43	67
1750	10	24	111	131
Copper (Grade A)	**Calls**		**Puts**	
2350	174	159	38	80
2450	112	109	74	127
2550	67	72	127	187
Coffee	**Mar**	**May**	**Mar**	**May**
600	68	76	8	11
650	27	43	27	28
700	8	26	58	68
Cocoa	**Mar**	**May**	**Mar**	**May**
550	75		3	
600	38	57	16	24
650	14	32	42	49
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
2000			26	
2050			38	
2100	69			

US MARKETS

THE PRECIOUS metals continued to focus on the movement of the U.S. dollar, reports Drexel Burnham Lambert. The currency fell sharply which prompted strong buying in the gold, silver and platinum. Copper firmed early on fund buying but liquidation near the close corrected its overbought condition. In the softs, sugar featured consolidation after Wednesday's large rally. Cocoa trading became active; breaking out of its narrow range. Trade activity and stop orders pushed the market up 28 basis March. Coffee featured price-fix buying and origin selling. The grains all had slow sessions despite news of export business in the soybeans. The livestocks had limit up moves in the bellies and hogs reflecting Wednesday's bullish report. Cattle prices eased after a mixed session. Cotton futures fell sharply due to speculative and trade selling. Orange juice was also down on some profit taking. Heavy liquidation sank all of the energy markets. Heating oil posted the biggest decline.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	398.5	394.0	0	0
Feb	400.8	396.4	401.1	397.1
Mar	403.2	398.7	0	0
Apr	405.8	401.3	406.0	402.3
Jun	410.7	406.1	411.0	407.0
Aug	415.2	410.5	414.0	413.0
Oct	420.0	415.2	417.0	417.0
Dec	424.9	420.0	425.0	420.5
Feb	430.0	425.0	425.5	425.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	488.7	469.8	488.0	479.5
Apr	494.4	478.1	494.9	485.5
Jul	499.9	483.2	499.5	492.0
Oct	506.4	489.2	505.0	499.0
Jan	512.4	495.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	526.8	515.1	0	0
Feb	529.4	517.9	0	0
Mar	533.5	522.0	535.0	526.5
May	541.5	529.8	543.0	534.5
Jul	549.4	537.5	551.5	543.0
Sep	557.6	545.5	558.5	553.0
Dec	569.9	556.6	570.0	562.5
Jan	572.5	560.1	0	0
Mar	580.7	568.2	581.0	581.0
May	588.6	575.9	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan 4	Jan 3	mnth ago	yr ago
1828.3	1811.2	1803.4	1967.5

DOW JONES (Base: Dec. 31 1974 = 100)	Jan 3	Jan 2	mnth ago	yr ago
Spot	127.36	127.12	127.19	143.12
Futures	129.73	128.99	128.89	146.03

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	108.85	110.05	111.65	108.70
Feb	108.65	109.90	110.50	108.80
Mar	108.55	109.65	111.60	108.00
Apr	107.35	108.75	108.75	108.75
May	105.35	107.85	108.90	105.80
Jun	105.50	107.20	0	0
Jul	104.85	106.55	107.00	104.80
Aug	104.00	105.90	0	0
Sep	103.15	105.25	105.80	103.60
Oct	102.65	104.75	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	23.15	23.68	23.92	22.83
Mar	22.30	22.97	23.18	22.06
Apr	21.86	22.48	22.58	21.62
May	21.43	22.05	22.12	21.24
Jun	21.04	21.68	21.74	20.85
Jul	20.76	21.33	21.40	20.60
Sep	20.12	20.77	20.86	20.00
Oct	20.00	20.60	20.55	19.90
Nov	19.72	20.47	20.43	19.70

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	7290	7820	7820	7120
Mar	6523	6723	6710	6522
Apr	6050	6250	6215	6050
May	5760	5940	5915	5740
Jun	5620	5780	5770	5580
Jul	5570	5730	5700	5530
Aug	5620	5780	5740	5620
Sep	5720	5865	5738	5720

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	940	912	942	908
May	935	911	937	911
Jul	951	930	952	925
Sep	970	946	970	961
Dec	992	968	994	968
Mar	1010	986	1010	988
May	1020	1000	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	82.45	81.75	82.60	81.75
May	84.31	83.74	84.50	83.75
Jul	86.45	85.73	86.50	85.75
Sep	88.35	87.80	88.50	87.80
Dec	91.18	90.65	91.35	90.75
Mar	93.50	93.00	93.50	93.50
May	95.00	94.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	14.17	14.22	14.25	13.93
May	14.04	14.09	14.19	13.91
Jul	13.80	13.42	13.91	13.75
Oct	13.58	13.21	13.68	13.49
Mar	12.96	12.75	13.05	12.95
May	12.88	12.67	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	67.35	69.10	69.27	67.10
May	67.98	68.63	69.75	67.65
Jul	67.82	69.55	69.75	67.60
Oct	64.50	65.70	65.65	64.50
Dec	63.20	64.10	64.20	63.00
Mar	63.90	64.95	63.82	63.82
May	64.45	65.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	171.00	172.05	173.00	169.00
Mar	172.80	175.25	176.40	171.60
May	173.35	175.00	176.20	172.25
Jul	173.60	174.70	176.00	173.50
Sep	172.50	173.05	175.00	172.50
Nov	168.50	171.25	170.00	167.50
Jan	162.50	165.50	167.00	166.00
Mar	162.50	165.50	0	0
May	162.50	165.50	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	563/2	567/2	571/0	563/0
Mar	576/4	581/4	[illegible]	576/0
May	590/2	594/6	597/4	590/0
Jul	602/4	607/0	609/4	602/0
Aug	606/0	609/6	612/0	606/0
Sep	608/2	610/4	613/2	608/2
Nov	616/0	618/6	629/0	614/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	18.50	18.84	18.74	18.48
Mar	18.91	19.07	19.20	18.90
May	19.32	19.49	19.60	19.32
Jul	19.63	19.79	19.92	19.63
Aug	19.70	19.85	20.00	19.70
Sep	19.80	19.91	20.10	19.80
Oct	19.90	20.10	20.20	19.90
Dec	20.15	20.25	20.35	20.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	179.2	180.0	181.5	179.1
Mar	179.8	180.3	181.8	179.7
May	180.4	180.9	181.8	180.3
Jul	183.0	183.1	184.0	182.6
Aug	183.6	183.8	184.7	183.6
Sep	184.5	184.5	185.5	184.5
Oct	185.2	185.5	186.3	185.0
Dec	187.9	188.0	188.2	187.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	238/2	238/4	239/4	237/6
May	244/2	244/4	245/2	244/0
Jul	249/0	249/0	249/6	248/4
Sep	248/0	247/2	248/6	247/0
Dec	248/2	247/0	248/2	248/6
Mar	255/0	253/4	255/0	253/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	409/2	410/0	411/0	408/4
May	388/0	388/6	389/2	386/4
Jul	360/4	360/6	361/4	359/2
Sep	365/4	366/0	366/4	365/0
Dec	376/4	376/0	377/2	376/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	76.95	77.15	77.70	76.65
Apr	75.40	75.35	76.00	75.10
Jun	71.90	71.65	72.40	71.60
Aug	71.42	71.05	72.07	71.42
Oct	71.47	71.07	72.07	71.40
Dec	72.50	72.15	73.15	72.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	50.50	49.00	50.50	50.50
Apr	47.22	45.72	47.22	47.22
Jun	50.45	48.95	50.45	50.45
Jul	50.80	49.30	50.80	50.80
Aug	49.22	47.72	49.22	49.22
Oct	45.07	43.57	45.07	45.07
Dec	46.70	45.20	46.70	46.70

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	51.47	49.47	51.47	51.47
Mar	51.40	49.40	51.40	51.40
May	51.80	49.80	51.80	51.80
Jul	52.42	50.42	52.42	52.42
Aug	51.30	49.30	51.30	51.30

LONDON STOCK EXCHANGE

Early gains attract profit-takers

PROFIT-TAKERS finally took the upper hand in the UK stock market yesterday and an early move to a new trading peak had moved into reverse by the middle of the trading session. Trading volume was again heavy and featured matched deals in leading stocks in which trading firms brought sellers and buyers together rather than adding stock to their trading positions.

The equity market topped out early at FT-SE 2,479.4, an early gain of nearly 16 points. With New York unexciting overnight, the London market was prepared for some profit-taking after the successful advance on Wednesday to new Footsie peaks. However, a small trading programme, involving both buyers and sellers, had little general effect.

London lost heart when Wall Street opened the new session on the downside, and sagged further as the fall on the Dow Average was extended in the first hours of trading. By the close, the FT-SE Index was down 12.1 at 2,451.6, a turnround of 28 points from the high of the day. Traders admitted to some perplexity at the day's Seaq volume total of 672.4m shares, a significantly improvement on recent averages, if not quite a bull market figure.

There was high turnover in the oil stocks and in a batch of industrial leaders, including GEC and British Steel and also in the recently-privatised water industry stocks.

However, many of the smaller broking firms saw little, if any, increase in normal business levels. Private investors were largely inactive and the institutions and the market firms appeared to be playing a skilful game between themselves.

According to a number of traders, fund managers were offering lines of stock in the market and trading firms were producing buyers from their own client lists; matching the two enables deals to be made without too much excitement in the marketplace.

The sharp about turn in the market trend yesterday lent support for warnings over the near term outlook for equities. Smith New Court, the UK securities trader, putting forward a target of FT-SE 2,500-2,550 by the end of March, added that if achieved too soon, "thoughts might turn to profit-taking".

Helping to depress the market towards the close was a re-run of hints that a large rights issue was hanging over the equity sector. The continued lack of rights issues has been causing increasing pressure on the heavy cash holdings of the institutions, which are now being boosted even higher by the new year cheques from pension funds and savings schemes. With UK Government bonds yielding more than 10 per cent against a dividend yield of around 4.4 per cent on equities, the stock market would not be surprised to see fund-raising moves.

Account Dealing Dates

*First Dealings:	Dec 27	Jan 15	Jan 29
Option Declarations:	Jan 11	Jan 25	Feb 8
Last Dealings:	Jan 12	Jan 26	Feb 9
Account Day:	Jan 22	Feb 5	Feb 19

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Jan 4	Jan 3	Jan 2	Dec 29	Dec 28	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	84.06	84.16	84.20	84.29	84.16	88.65	88.29 (8/2/89)	82.93 (4/12/89)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.59	92.84	92.74	92.52	92.53	95.97	99.59 (15/3/89)	92.02 (8/12/89)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1957.3	1968.3	1934.1	1916.6	1896.2	1471.5	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	298.7	308.9	309.5	309.1	314.9	161.7	317.8 (13/12/89)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2451.6	2463.7	2434.1	2422.7	2398.8	1799.5	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.36	4.34	4.41	4.45	4.50	4.88				
Earning Yld %(full)	10.62	10.60	10.79	10.90	11.01	12.55				
P/E Ratio(Net)(☆)	11.39	11.42	11.22	11.11	10.99	9.63				
SEAQ Bargains(5pm)	51,336	44,222	32,559	25,347	27,151	23,095				
Equity Turnover(£m)†	-	1048.83	546.66	668.38	793.69	1140.29				
Equity Bargains†	-	44,088	29,711	28,910	27,682	24,108				
Shares Traded (ml)†	-	490.2	255.8	323.5	383.7	411.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.34

Ordinary Share Index, Hourly changes — Day's High 1982.6 — Day's Low 1957.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1972.5	1980.0	1973.9	1970.7	1963.4	1965.6	1965.0	1963.8

FT-SE, Hourly changes — Day's High 2479.4 — Day's Low 2461.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2469.6	2477.7	2471.4	2466.6	2456.4	2459.0	2458.8	2457.9

GILT EDGED ACTIVITY

Indices*	Jan 3	Jan 2
Gilt Edged Bargains	73.9	58.9
5—Day average	51.5	45.3

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

Clouds over Guinness

Guinness continued to fall as a series of bearish stories circulated in the market, meeting with varying degrees of acceptance. The shares bottomed at 654p before closing a net 15 lower at 659p.

There was a revival of old suggestions that the company might be about to bid for either Dunhill Holdings, whose shares rose sharply on Wednesday, or Waterford, the glassware maker. Most in the market quickly dismissed these suggestions.

Two other tales, centring on County NatWest WoodMac, were more persistent. The securities house was said to have recommended switching out of Guinness into Whitbread and been trying to place a long line of Guinness stock. County denied both. "We're still strong buyers of Guinness," said a County analyst, adding that any such block of stock was being offered by others.

Finally, there is uncertainty regarding the outcome of a long running legal wrangle in Paris over the status of a tranche of shares in the French luxury goods group LVMH. Guinness has 24 per cent of LVMH which, in turn, has 12 per cent of Guinness. The two have said they want to make the cross-holding symmetrical but seem to have postponed any move until after the resolution of the court case. A court judgement is due on January 19. Analysts say that either LVMH would buy Guinness shares or that Guinness would issue shares to LVMH at a premium to the market price.

Calor downgraded

Calor Group, the liquid petroleum gas marketing and refining group, was probably the worst performer in the oil and gas sector after a big profits and dividend downgrading from BZW, the UK investment bank.

Calor shares dropped to 388p at one point before steadying at the lower level and closing a net 23 lower at 390p. Turnover, at 752,000 shares, was much higher than normal.

BZW's oil team cut their estimate of net income for the nine months to December 31 from £23m to £18m and their forecast for a special dividend for the final quarter of 1989 from 9p to 4.5p. BZW said Calor had revealed that the final three months of 1989 were disappointing due to the mild weather.

But BZW added that "the yield should provide support around the 380p level with the possibility of a supplementary payment at the interim stage this year if there is a cold snap."

Kleinwort Benson, Calor's brokers, were also believed to have lowered their forecasts for the period. The oil team at Smith New Court, while also reducing its forecast for the nine months to end-December to £18m, took a more positive view of dividend prospects, pointing out that Calor had stated they would do all in their power to maintain dividends on a progressive trend in successive tax years. Smith said the shares yielded 7 per cent for the year to December 1990 and that they "should bounce strongly in the event of a cold snap in UK weather and once the SHV/Burmah/Calor story re-emerges."

Hartwell shines

Shares in Hartwell the motor distributor, moved swiftly upwards as Oakhill, the UK subsidiary of the Jameel Group, a Saudi Arabian trading concern, launched a £151m cash bid for the company.

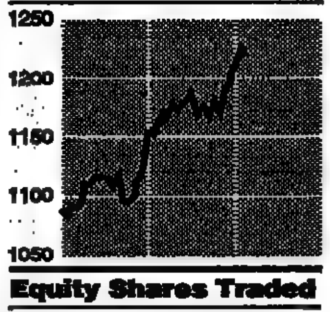
The shares gained 23 to 149p, surpassing the 136p a share price of the bid. The Jameel Group has acquired almost 20 per cent of the shares in Hartwell over the last two years and marketmakers belived the group to have been in the market yesterday.

However market talk suggested Oakhill may have to raise its offer to win control. An analyst said: "The Jameel Group are certain they want an opening in the UK. But the bid will have to be upped. It is not good enough at this level."

Another rise in crude oil prices failed to rouse an oil sector suffering from bouts of profit-taking and selling inspired by some bearish comments from sector analysts. As well as hitting Calor, BZW labelled Shell as a trading sell, taking the view that the recent good news looks to be in the price. BZW was cautious on Shell's US chemicals business – profits could fall up to 40 per cent they say. County NatWest WoodMac also took a bearish stance on Shell and BP saying "We do not believe the low yield premiums and high ratings are justified." Shell settled 3 off at 493p after turnover of 8.9m shares while BP held at 339p on 10m. British Gas dipped 4½ to 237p on 9.9m.

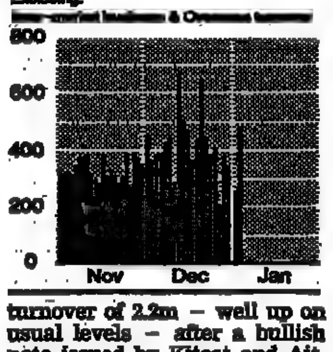
Ultramar moved against the trend edging up 2 to 379p on turnover of 2.2m – well up on usual levels – after a bullish note issued by Kitcat and Aitken, which said that the shares after two unsuccessful attempts, had decisively broken above their 360p resistance level. Kitcat reckoned that the company could achieve earnings per share of 43p for 1990 against average forecasts of 34p a share.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



International investors concentrated on ICI and Glaxo, which rose 8 to 1185p and 15 to 818p respectively. Sentiment in ICI was helped by the US Food and Drug Administration's approval of a drug to treat prostate cancer. Glaxo was boosted by a buy recommendation from a specialist Wall Street broker.

Eurotunnel continued to climb on hopes that the long running debate about the costs and refinancing of the construction of the Channel tunnel would, as seems likely, be resolved next week. The shares added 43 at 713p.

Second line transport stocks had another good day on the grounds that they had been left behind in the pre-Christmas bull market. Ocean Transport firmed 9 to 341p, Powell Duffryn rose 5 to 395p and NFC closed 6 better at 263p. The strength of the sharpest riser, Tiphook, was blamed by marketmakers on one of their number calling the price higher in a thin market. "He's probably got a large position," said one. The shares closed 32 dearer at 485p.

The stores sector took a breather after Wednesday's rapid rises on the back of some Christmas sales figures which were better than expected. Marks and Spencer and Burton eased 4 each to 209p and 217p respectively. One of the previous day's best performers, Etam, slipped 5 to 180p, while one of the market favourites for several months, Body Shop finished unchanged at 644p.

Sears were knocked back by at least two analysts' profits downgradings and talk of several more. Mr Rodney Forrest of Smith New Court cut his forecast for the current year from £220m to £205m. Although trading in the week either side of Christmas had been better than expected, he said, the period before had been worse. UBS Phillips & Drew also cut its forecast.

Water stocks attracted plenty of interest both ways. Thames Water, the FT-SE stock, saw 12m shares traded but the quotation was barely altered at 165p. Anglian, with 7.2m traded held at 167½p but Severn Trent, with 6.5m traded, managed a 2½ gain at 153½p, having touched 155p earlier. Falls of around 3 were seen in Northumbrian, 177½p, Wessex, 175p, and Yorkshire, 176p. The Package settled 5 points lower at £1645, having reached £1670 early in the session.

An announcement that Albert Fisher had completed the acquisition of J J M Theeuwen Beheer, a Dutch processor and distributor of mushroom products in Europe, for a maximum consideration £13m, helped push it 4 higher to 127p.

Wednesday's recommendation for Whitbread from the brewing team at County NatWest WoodMac continued to help the the "A" shares, which closed 11 higher at 406p.

After several weeks' vague bid speculation, Fairline Boats said it had received an approach which may lead to an offer being made for the company. The shares jumped 122 to 845p.

Meanwhile, an easing of the recent stock shortage kept Unigate on the defensive, which slipped 9 to 347p, as some profit-takers appeared. Dealers also said that it had been overbought during December and may have been due for a correction. United Biscuits was affected by the losses posted by the other market leaders, and it fell 6 to 364p.

Mr Carl Short of Kitcat & Aitken said: "Cadbury's and UB have underperformed over last three months. But what has underperformed can continue to do so. And there's unlikely to be any excitement before the final results in March."

Sterling's weakness against the D-Mark failed to prevent Unilever dropping 8 to 724p, while scattered talk of a right's issue prevented it moving off the day's lows.

Abbey National maintained their good form, moving further ahead to close another 3 higher at 190p, on turnover of 7.6m still boosted by the UBS Phillips & Drew "buy up to 210p" recommendation.

Merchant banks were highlighted by the latest advance by SG Warburg which put on 16 to 511p, mainly reflecting a stock shortage. The increase in the Baltica stake to around 12 per cent helped Hambros rise 2 to 296p.

Composite insurance issues remained under persistent selling pressure, upset by the absence of any signs of stakebuilding or bids in the sector. Royals performed badly, closing 13 off at 545p on 2.1m; whispers in the market suggested that Royal may recently have held merger talks with a Dutch group but that these were subsequently abandoned. Commercial Union fell 12 to 509p.

Cable & Wireless were outstanding in telecommunication stocks, advancing strongly in the wake of US buying to close 18 ahead at 583p on turnover of 3.7m. There was more good demand for Amstrad which gained 2¼ more to 51½p on higher than usual turnover of 5.3m.

The remarkable advance by many of the building materials/construction and housebuilding stocks continued although there were signs of profit-taking at the close. Sheltered homes stocks, among the market's worst performers last year, attracted further demand, Anglia Secure Homes adding 7 at 125p and McCarthy & Stone racing up 16 to 136p. Among the smaller housebuilding groups Federated Housing followed up Wednesday's 10p jump with a rise of 20 to 100p.

The bid for Hartwell lifted other motor distributors. Lookers gained 12 to 142p, while shares in Western Motor jumped into the fast lane adding 38 to 613p. Also benefiting from the same sentiment was Lex Service, in which the shares added 4 to 282p.

British Aerospace remained weak and the shares gave up another 7 to 590p on talk that the company was about to make a rights issue.

British Steel had a good day as institutions went shopping for high yielding privatisation stocks. There was talk of a Japanese buyer in the market. The shares added 5 to 149p as 22m shares were traded of which the equivalent of 12.2m shares were traded in the option market.

Profit takers appeared to have ended Wardle Storeys rise which followed new year press tips. The shares retreated 31 to 303p.

The market appreciated the announcement that London International had won a £5m contract to build two condom manufacturing plants in Armavir in the Soviet Union. The shares rose 4 to 238p.

Hestair, the subject of bids from both Adia, the Swiss group, and BET, fell 13 to 321p as Adia withdrew its £167m offer. The market however remains unsure of the £192m white knight bid from BET whose shares shed 11 to 260p.

Among those concerned by the bid are Mr David Ireland at Hoare Govett. He said the BET bid should worry the share holders on several fronts. "It is a fairly generous price, it would put a strain on the balance sheet and the bid is into an area with which BET is barely familiar and an area whose prospects are deteriorating."

Bargain hunters were said to have been responsible for the rise in Johnson Matthey and the shares gained 11 to 348p. Charter Consolidated which has a stake in Johnson Matthey was said to have moved in sympathy.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 21

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	632	306	-2½
ASDA Group	4,500	121	+1
Abbey National	7,800	190	+3
Allied-Lyons	1,900	502	
Amstrad	5,300	51½	+2½
Argyll Group	8,800	209	-2
Ass. Brit. Foods	907	419	+1
BAA	1,500	397	+8
BAT Inds.	1,700	838	-8
BET	4,900	258	-12
BICC	713	466	+1
BOC	1,400	573	+10
BPB Inds.	1,700	255	
BTR	4,600	465	-5
Barclays	1,400	575	-4
Bass	1,400	1045	-11
Beazer	2,100	177	+3
Berisford Int.	395	145	-1
Blue Arrow	1,500	92	+1
Blue Circle	2,100	264	-3
Boots	2,800	282	-9
Brit & Comm.	288	88	-1
Brit. Aerospace	1,000	590	-7
British Airways	6,200	235	
British Gas	9,000	237	-4½
British Land	273	390	+1
BP	10,000	339	
British Steel	22,000	149½	+5
British Telecom	7,100	309	-6½
Bunzl	1,000	118	+3
Burmah Oil	443	881	-12
Burton	1,400	217	-4
Cable & Wire.	3,700	583	+18
Cadburys	2,100	364	-5
Calor Group	752	390	-23
Carlton Comms.	769	805	-4
Coats Viyella	2,802	158	+9

	Volume 000's	Closing Price	Day's change
Comm. Union	1,100	507	-14
Cookson	2,000	232	-10
Courtaulds	1,100	397	-1
Dalgety	91	408	+1
Dixons	1,100	137	-1
Eng. China Clays	1,100	468	+9
Enterprise Oil	5,200	651	-5
FKI	200	91	-1
Ferranti	2,800	30½	
Fisons	480	343	-8
Gen. Accident	459	1200	-18
General Elect.	9,800	239	+1
Glaxo	3,700	818	+15
Globe Inv.	1,000	198	
Glynwed Int.	421	274	-5
Granada	1,100	338	+1
Grand Met.	2,850	641	-5
GUS A	585	1109	+11
GRE	2,500	245	-9
GKN	635	458	+3
Guinness	4,750	659	-15
Hammerson 'A'	708	845	-4
Hanson	10,000	234	-1
Hanson Warrants	1,900	61	
Harrisons Cros.	610	171	-2
Hawker Sidd.	908	738	+4
Hillsdown	1,800	290	-6
IMI	1,000	239½	+1½
ICI	2,100	1185	+8
Inchcape	644	312	-6
Jaguar	6	848	
Kingfisher	803	313	
Ladbroke	1,700	339	-3
Land Securities	2,500	542	+5
Laporte	187	504	+8
Legal & General	1,000	434	+2
Lloyds Abbey	395	326	+1

	Volume 000's	Closing Price	Day's change
Lloyds Bank	2,700	450	-4
LASMO	444	582	-5
Lonrho	3,600	317	-4
Lucas	1,200	682	-7
MB Group	1,600	219	
MEPC	1,400	544	+11
Marks & Spencer	8,000	209	-4
Maxwell Comm.	321	228	+1
Mecca Leisure	1,900	171	+2
Midland Bank	1,000	384	-4
NatWest Bank	2,800	350	-4
Next	1,000	94	
Northern Foods	1,100	329	-3
Pearl	1	889	
Pearson	439	774	+2
P & O	509	846	-14
Pilkington	1,300	250	-4
Polly Peck Intl.	2,700	422	+3
Prudential	2,400	234	-5
RHM	1,200	422	+2
RMC	577	744	+9
RTZ	1,400	600	+4
Racal	3,100	254	-3
Racal Telecom	27	400	-6
Rank Org.	298	891	+4
Reckitt & Colman	221	1282	-2
Redland	653	595	+1
Reed Intl.	5,800	462	+14
Reuters	1,300	1039	+17
Rolls Royce	5,800	192	-1
Rothmans	213	675	-2
Ryl Bk Scotland	1,700	214	-4
Royal Insurance	2,100	543	-15
STC	2,500	283	-1
Saatchi	142	271	
Sainsbury	612	267	-2
Scottish & New.	483	349	-6

	Volume 000's	Closing Price	Day's change
Sears	7,500	112	-5
Sedgwick	1,500	314	+4
Shell Transport	8,900	491	-5
Siebe	525	484	+2
Slough Ests.	294	332	+2
Smith (W.H.) A	1,400	358	-5
Smith & Nephew	3,300	137	+1½
SmKl Beecham	3,200	625	
SmKl Beecham Units	381	2758	-9
Smiths Inds.	684	294	+9
Standard Chartd.	2,000	551	+2
Storehouse	1,700	114	-3
Sun Alliance	1,400	337	-8
Sun Life	2	1270	+3
T&N	375	219	-2
TI Group	1,200	444	+4
TSB	5,600	127	-1½
Tarmac	2,200	252	-8
Tate & Lyle	1,950	299	+5
Taylor Woodrow	1,000	334	+8
Tesco	4,800	197	+2
Thames Water	12,000	165	-1
THORN EMI	1,000	804	+4
Trafalgar House	5,300	370	+2
Trusthouse Forte	1,097	308	-9
Ultramar	2,200	379	+2
Unigate	1,000	347	-9
Unilever	1,500	724	-8
United Biscuits	3,000	364	-6
Utd. Newspapers	315	468	-1
Wellcome	898	785	
Whitbread 'A'	2,800	406	+11
Williams Hldgs.	473	277	-2
Willis Faber	804	290	-4
Wimpey	1,600	269	+6

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (160).
BRITISH FUNDS (1) LOANS (2) AMERICANS (4) BANKS (10) BUILDINGS (5) CHEMICALS (7) STORES (2) ELECTRICALS (8) ENGINEERING (3) FOODS (4) HOTELS (1) INDUSTRIALS (21) AAH, Alfa-Laval, Astra AB, BOC, BTR Wrnts, Boxmore Intl., CMB Pack. New, CRT, CSR, Green (J.), Hanson Wrnts., Hawtal Whiting, Hays, Oy Wartsila, Pacific Dunlop, Parkfield Grp., Proudfoot, Serco, Stora 'B' Free, Tomkins, Whatman Reeve, INSURANCE (5) LEISURE (2) MOTORS (1) NEWSPAPERS (2) PAPERS (5) PROPERTY (1) SOUTH AFRICANS (1) TEXTILES (1) TRANSPORT (3) TRUSTS (55) OILS (6) OVERSEAS TRADERS (3) MINES (8).
NEW LOWS (21).
BREWERS (2) STORES (1) FOODS (2) INDUSTRIALS (1) Young (H.), INSURANCE (1) PAPERS (3) PROPERTY (4) TEXTILES (1) OILS (1) MINES (1) THIRD MARKET (4).

APPOINTMENTS

Lord Rippon to chair Unichem

■ Lord Rippon has joined pharmaceutical wholesaler UNICHEM as chairman designate. He is president of Britannia Arrow Holdings, and chairman of Dun and Bradstreet (UK), Michael Page, the Robert Fraser group, and Brasseys Defence Publishers; and a director of the Maxwell Communication Corporation, and the Groupe Bruxelles Lambert.

■ Mr William J. Price has been appointed deputy managing director of the WILLIAMS LEA GROUP. He was managing director of M.B. Clarke (previously Metal Box Security Printing). A subsidiary, Williams Lea & Co, financial printers, has appointed Mr Hugh Edmonds, Mr Alan Grant, Mr Gary Knights and Mr Ross Prideaux as associate directors.

■ Mr Barry Humphreys has been named marketing director of WARNER HOME VIDEO (UK) from January 8. He was director of commercial marketing at CBS Records.

■ MSAS CARGO INTERNATIONAL has appointed Mr Geoff Corpe as regional director for the UK. He was director of Rockwood International, south of England and Europe.

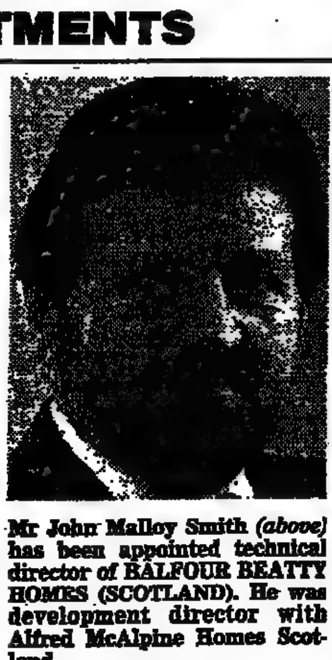
■ Mr Johan Halling has been appointed managing director of ABB ROBOTICS, Luton, a UK subsidiary of ASEA Brown Boveri, from January 8. He joins from ABB-MMD Robotics, a Swiss gantry robot manufacturer.

■ Mr Keith Saunders, area director, has been appointed managing director of Persimmon Homes (East Yorkshire), Beverley, succeeding Mr Norman Lilley who becomes chairman. Mr Lilley is also managing director of Persimmon Homes (Yorkshire), York. Both companies are part of PERSIMMON.

■ Mr Ben Morris, Lloyds Bank area director, South Wales, has been appointed a non-executive director of THE WYNDHAM GROUP.

■ Professor Sir Wilfred Cockcroft, chairman of the National Foundation for Educational Research, who as chief executive of the Secondary Education Council until 1988, was the architect of the GCSE examination system which paved the way for the new National Curriculum in schools, has taken over the chairmanship of EDUCATIONAL PROJECT RESOURCES, a specialist publisher of commercially-sponsored education materials.

■ HENDERSON ADMINISTRATION GROUP has appointed Mr Robin Hindle Fisher, a director, as managing director of Henderson Pension Fund Management, of which Mr Andrew Jardine becomes a director. Mr Hindle succeeds Mr Colin Day who remains chairman, and has become managing director of Henderson Administration International, of which Mr Richard Garland has been appointed marketing director, North America.



Mr John Malloy Smith *(above)* has been appointed technical director of BALFOUR BEATTY HOMES (SCOTLAND). He was development director with Alfred McAlpine Homes Scotland.

■ ENTERPRISE OIL has made the following changes: Mr Edward Harris, projects director, becomes director, international operations; Dr Iain Watt, director - production, becomes responsible for all appraisal, development and production in the UK, including new projects; Mr John Walmsley, managing director - finance, has become responsible for the group's oil marketing.

■ BRENT CHEMICALS has appointed Mr Dennis Wilby, a main board director, as director responsible for three new business systems groups - industrial, aerospace, and electronic - in Europe, North America and Asia. Mr Brian Garner, a main board director, becomes deputy director of these operations.

■ Mr David Veevers, a main board member at Wolff Olins, has been elected to the executive board of THE LONDON PHILHARMONIC. He was, until last June, head of public affairs for Prudential Corporation, one of the orchestra's principal sponsors.

Mr Hamlyn Whitty *(pictured)* has been appointed chief executive of the INCORPORATED SOCIETY OF VALUERS AND AUCTIONEERS following the retirement of the secretary Mr Michael Astbury. After a career in the Army, Mr Whitty worked for John D. Wood in Sussex; as European marketing manager, United States Lines; and as a general manager with International Military Services (defence exports).

LEGAL NOTICES

DUNNING MANAGEMENT LIMITED (IN RECEIVERSHIP)

Registered number: 2349858
Nature of business: Property Management
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

FULGEN PROPERTIES LIMITED (IN RECEIVERSHIP)

Registered number: 1056238
Nature of business: Property Investment
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

DUNNING COMMERCIAL DEVELOPMENT LIMITED (IN RECEIVERSHIP)

Registered number: 1461645
Nature of business: Commercial development
Trading classification: 23
Date of appointment of administrative receiver(s). 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

DUNNING SHOPFITTERS LIMITED (IN RECEIVERSHIP)

Registered number: 1669774
Nature of business: Shopfitters
Trading classification: 23
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

AJ DUNNING CONSTRUCTION LIMITED (IN RECEIVERSHIP)

Registered number: 2249654
Nature of business. Construction
Trading classification: 23
Date of appointment of administrative receiver(s). 15.12.89.
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

BARGATE SECURITIES LIMITED (IN RECEIVERSHIP)

Registered number: 1863700
Nature of business: Property Development
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Electra Property Finance Limited.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

CARRON HEATING LIMITED (IN RECEIVERSHIP)

Registered number: 1021242
Nature of business: Ventilation & Heating Equipment manufacturers
Trading classification: 27
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

SAFETY SCAFFOLDING SERVICES LIMITED (IN RECEIVERSHIP)

Registered number: 1440160
Nature of business: Property Investment
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

DUNNING ASSOCIATES (WEYHILL) LIMITED (IN RECEIVERSHIP)

Registered number: 396724
Nature of business: Farming
Trading classification: 01
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

SLENDERPORT PROPERTIES LIMITED (IN RECEIVERSHIP)

Registered number: 1555507
Nature of business: Investment of land and buildings
Trading classification: 35
Date of appointment of administrative receiver(s): 15.12.89.
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

DUNNING SECURITIES LIMITED (IN RECEIVERSHIP)

Registered number: 2156133
Nature of business. Security
Trading classification: 48
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading RG1 1JG.

ANDOVER PLANT HIRE LIMITED (IN RECEIVERSHIP)

Registered number: 809969
Nature of business. Plant and Machinery Hire
Trading classification. 46
Date of appointment of administrative receiver(s): 15.12.89
Name of person appointing the administrative receiver: Lloyds Bank plc.
CJ Barlow & NJ Vooght
Joint Administrative Receivers
(Office holder numbers 9002/6339) of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administration and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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General Portfolio Life Insur Plc-Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Pension Funds				
Pen UK Equity	371.8	391.5	+3.6	—
Pen Overseas Equity	241.1	253.9	+2.3	—
Pen Smaller Cos	206.8	217.8	+0.9	—
Pen Far Eastern	292.5	308.0	+0.5	—
Pen European	201.6	212.1	+1.0	—
Pen North American	141.7	149.2	+2.4	—
Pen Gilt Plus	171.5	180.6	−0.3	—
Pen Fixed Int Dep	166.1	174.9	—	—
Pen Bldg Soc	170.4	179.5	—	—
Pen Property	253.8	267.2	+5.6	—
Pen Index-Linked Gilt	145.5	153.0	−0.2	—
Pen Managed	290.9	306.3	+2.5	—
Pen Int Managed	246.2	259.3	+2.0	—
Pen Gartmore	153.05	161.2	−0.7	—
Pen Framlington	173.2	182.4	+1.6	—
Pen Perpetual	162.8	171.5	−1.6	—
Pen Fidelity	189.0	199.1	−0.4	—
Pen Guinness Flight	106.7	112.4	+0.1	—
Pen Midland	212.2	223.4	—	—
Pen N M Rothschild	137.7	145.0	+0.8	—
Pen High St Equity	130.3	137.3	—	—
Pen Foreign & Colonial	141.5	149.0	+1.0	—
Pen Inter Global	108.9	114.7	+0.2	—
Pen Ireland Mngd Curr	106.7	112.5	—	—
Pen Berry	150.6	158.7	—	—
Pen Stewart Ivory	120.00	126.4	+0.5	—
Pen CS Fincstr & Mrrs	94.0	99.0	+0.2	—

For other prices please telephone 0279 626262

Assicurazioni GENERALI SpA
117 Fenchurch St, London EC3M 5DY 01-488 0733

	Bid Price	Offer Price	+ or −	Yield Gross
Hambro Generali Int Cas	149.0	156.9	—	—
Hambro Generali Ppty	174.8	184.0	—	—
Hambros Canadian	132.8	139.8	—	—
Hambros Equity Inc	156.7	165.0	—	—
Hambros European	156.6	164.9	—	—
Hambros High Income	196.6	207.0	—	—
Hambro Jap & Far East	187.7	197.6	—	—
Hambros Nth American	180.1	189.6	—	—
Hambros Res & Assets	152.0	160.0	—	—
Hambros Scandinavian	179.0	188.5	—	—
Hambros Smaller Cos	152.8	160.9	—	—
Generali Intnl Managed	559.1	588.5	—	—
Generali Int Mgd Pens	251.3	264.6	—	—
Generali Cash	137.0	144.3	—	—

Gresham Unit Assurance Ltd
2-6 Prince of Wales Rd, Bournemouth 0202 752000

	Bid Price	Offer Price	+ or −	Yield Gross
Gresham Series III				
Balanced Fund	110.6	116.5	+0.4	—
Equity	442.4	466.2	[illegible]	—
European Growth	[illegible]	[illegible]	+2.0	—
Fixed Int	180.2	189.9	—	—
Global Growth	121.4	127.9	—	—
Income (z)	158.6	167.1	+1.3	—
Intl Income	119.2	125.6	+0.4	—
Managed	572.2	603.0	+1.2	—
Money	233.1	245.4	+0.1	—
N American Growth	108.8	114.6	−1.2	—
Property	[illegible]	355.6	—	—
UK Growth	114.7	120.9	+1.2	—
Gresham/Framlington Series III				
American & Gen	292.1	307.8	+1.8	—
American Turnaround	98.7	104.0	−0.1	—
Capital	475.2	500.7	[illegible]	—
Convertible	97.2	102.4	+0.6	—
European	169.6	178.7	+1.0	—
Extra Income	100.0	105.4	+0.7	—
Financial	126.8	133.6	+0.5	—
Income Trust	550.7	580.3	+4.4	—
Intl Growth	351.3	370.2	+1.5	—
Japan & Gen	293.8	309.5	+0.7	—
Recovery	386.7	407.5	+3.7	—
Smaller Co's Fd	102.8	108.3	+0.9	—
[illegible]				
Balanced Fund	110.6	116.5	+0.4	—
Equity	438.2	461.7	—	—
European Growth	103.8	109.4	+0.9	—
Fixed Interest	178.3	187.9	—	—

Ideal Insurance Co Ltd
Moor Green Lane, Birmingham B13 8NG 021-449 4282

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fd	116.2	122.1	—	—
Pension Managed	107.3	112.7	—	—

Interlife Assurance Co Ltd
149-151 High Rd, Chadwell Hth RM6 6P 01-597 2566

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fund	113.2	119.2	+0.9	—
Pension Mngd Fd	113.8	119.8	+1.1	—

Irish Life Assurance Co Plc
Victoria St, St. Albans, Herts. AL1 5TF 0727 [illegible]

	Bid Price	Offer Price	+ or −	Yield Gross
Global Mngd Ser 3	394.8	415.1	—	—
Global Equity Ser 3	454.0	477.3	—	—
Global Fxd Int Ser 3	327.0	344.2	—	—
Global Prop Ser 3	230.3	242.4	—	—
Global Cash Ser 3	154.2	162.3	—	—
Global Mngd Ser 4	102.7	108.1	—	—
Global Equity Ser 4	104.4	109.9	—	—
Global Fxd Int Ser 4	96.1	101.2	—	—
Global Prop Ser 4	108.8	114.5	—	—
Global Cash Ser 4	100.1	105.4	—	—
Universal Security	126.2	132.8	—	—
Universal Balanced	133.1	139.9	—	—
Universal Opprtny	145.8	153.3	—	—
Universal UK Equity	102.4	107.6	—	—
Universal Euro Equity	157.0	165.0	—	—
Universal N. Amer	132.9	139.2	—	—
Universal Japanese	170.6	179.5	—	—
Universal Pacific	139.2	146.5	—	—
Univ Intl Spec Sit	136.1	143.2	—	—
Univ Intl Fxd Int	132.0	138.9	—	—
Universal Property	88.4	[illegible]	—	—
Universal Cash	111.7	117.6	—	—
Managed Pen Ser 2	623.8	656.9	—	—
Equity Pen. Series 2	752.9	792.6	—	—
Gilt Edged Pen. Ser 2	444.9	468.3	—	—
Property Pen Ser. 2	260.1	273.8	—	—
Cash Pension Series 2	221.6	233.3	—	—
Security Man Pen Ser 3	117.7	123.9	—	—
Bal Man Pen Ser 3	650.7	684.2	—	—
Opp Man Pen Ser 3	123.7	130.0	—	—
UK Equity Pen Ser 3	727.6	765.0	—	—
Intl Equity Pen Ser 3	864.8	909.5	—	—
Fixed Int Pen Ser 3	444.9	468.3	—	—
Property Pen Ser 3	260.1	273.8	—	—
Deposit Pen Ser 3	221.6	233.3	—	—

The LAS Group
19 George St, Edinburgh 031-225 [illegible]

	Bid Price	Offer Price	+ or −	Yield Gross
LAS Investment Assurance				
Managed Fund	256.0	269.5	+0.9	—
UK Equity	401.9	423.1	+2.8	—
Property	272.9	287.3	—	—
Money Market	184.9	194.7	+0.3	—
Fixed Int	217.9	229.4	−0.2	—
Japan	390.8	411.4	+1.7	—
North American	123.3	129.8	—	—
International	226.1	238.0	+0.4	—
European	192.9	203.1	+2.0	—
Far East	121.9	128.4	+0.5	—
Special Situations	97.1	102.3	+0.7	—
Pension Funds				
Managed	176.8	186.2	+0.7	—
International	161.6	170.2	+0.7	—
Property	166.1	174.9	+0.1	—
Money Market	167.3	176.1	+0.1	—
Fixed Interest	170.4	179.4	−0.2	—
UK Equity	271.9	286.3	+2.1	—
North America	123.5	130.0	−0.4	—
Japan	214.4	225.7	+0.4	—
European	215.7	227.1	+2.2	—
Far East	94.1	99.1	+0.2	—
Broker Life Funds				
Carden Martin World'd	128.4	135.2	+1.5	—
Dowry Investment	118.1	124.4	+1.2	—
Dowry [illegible]	22.2	25.4	+0.1	—
EP Ward Ofic	152.8	160.9	+0.3	—

Lancashire & Yorkshire Assce Society
Moorgate Hall, Moorgate Rd, Rotherham 0709-829191

	Bid Price	Offer Price	+ or −	Yield Gross
Capital Secure	213.37	217.72	[illegible]	[illegible]

Wright Seligman Fund Mngrs Ltd (2700)F
11 Blomfield St, London EC2M 7AY 01-588 0592

	Chge	Bid	Canc.	Offer	+ or −	Yield
Intl Growth	5	116.44	116.44	122.57	—	3.12
UK Growth	5	101.80	101.80	107.16	—	2.80
UK Income	5	101.91	101.91	107.28	—	4.19

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pl, Fenay Bdge, Huddersfield 0484 602250

	Chge	Bid	Canc.	Offer	+ or −	Yield
[illegible]	5½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YUTM UK Eq Inc Ac	5½	62.08	62.77	66.78	+0.14	4.37
YUTM Intl Gwth Inc	5½	60.01	60.01	64.00	+0.49	0.65

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid	Offer	+ or −	Yield
Int'l Exmt January 3	578.4	600.0	—	0.45

Cent. Bd. of Fin. of Church of England##
2 Fore Street, London EC2Y 5AQ 01-588 1815

	Bid	Offer	+ or −	Yield
Inv Fund Dec 31		558.95	—	4.71
Fxd Int Sec Dec 31		136.10	—	10.51
Deposit Dec 31		100.00	—	[illegible]

Charinco/Charishare## (1000)F
33 King William Street, EC4R 9AS 01-280 2800

	Bid	Offer	+ or −	Yield
C'inco Inc Jan 3	160.9	165.1	—	10.14
C'inco Acc Jan 3	694.3	712.4	—	10.14
C'share Inc Jan 3	165.8	172.4	—	4.16
C'share Acc Jan 3	186.3	193.9	—	4.16

CAFINVEST–Charities Aid Foundation
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333

	Bid	Offer	+ or −	Yield
Balanced Growth	55.62	57.30	—	4.00
Income	52.09	52.14	—	8.09

Charities Official Invest. Fund##
2 Fore Street, London EC2Y 5AQ 01-588 1815

	Bid	Offer	+ or −	Yield
Income Nov 30		515.49	—	4.96
Accum Nov 30		1733.93	—	—

Edinburgh Fund Mngrs PLC

	Bid	Offer	+ or −	Yield
Exempt Funds				
American Jan 3	146.3	150.3	+2.7	1.49
[illegible] Jan 3	147.0	152.5	+2.5	1.90
Japan Jan 4	157.4	161.7	[illegible]	0.13
Pacific Jan 5	577.3	593.2	+11.2	0.78
Sm Jap Cos Jan 5	541.3	556.2	−4.3	0.07

Fidelity Investment Services Ltd

	Bid	Offer	+ or −	Yield
Mngd Pens P'folio	143.3	146.3	+1.20	0.94

Robert Fleming Asset Mngmt Ltd

	Bid	Offer	+ or −	Yield
Am Exempt Jan 2	£457.48	464.14	—	2.02
Gen Exempt Jan 2	[illegible]	138.19	—	[illegible]

INSURANCES

[illegible]

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	Bid Price	Offer Price	+ or -	Yield Gross
Target Life Assurance Co Ltd—Contd.				
Yen Alpha	51 0			–
D-Mark Alpha	60 8			–
European Alpha	67 4			–
Alpha Pension Funds				
UK Alpha	176 1			–
US Alpha	83 1			–
Gilt Alpha	55 6			–
Gold Alpha	72 6			–
Japan Alpha	64 7			–
US Dollar Alpha	62 6			–
Yen Alpha	92 4			–
DM Alpha	63 8			–
European Alpha	71 0			–
Prices quoted are for Accumulation units				
Teachers' Assurance Company Ltd				
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111				
Managed Fund	238 6	251 2		–
Gilt & Fixed Int Fd	153 0	161.1		–
Cash Fund	149 1	156 9		–
Pensions Managed	115 0	[illegible]		–
Pensions Cash	115 2	121 3		–
Tunbridge Wells Equitable				
Abbey Court, Tunbridge Wells 0892 515353				
Assurances				
Capital & Income	350 00	370 00		–
C&I Regular	62 0	65 4		–
C&I Exempt	69 2	72 8		–
Prize Plan Exempt	170 5			–
Do Taxable	141 2			–
Beehive Bond Exempt	66 1			–
Do Standard	59 8			–
Dominion Growth Exempt	96 6			–
Dominion Growth	70 2			–
Kinsman Funds				
Life Assurance	606 6	625 3		–
Savings Narrow	286 7	295 6		–
Savings Wide	568 0	586 5		–
Pensions				
Managed Initial	94 2	99 2		–
Do Ordinary	111 9	117 8		–
Deposit Initial	[illegible]	108 5		–
Do Ordinary	122 3	128 7		–
UK Life Assurance Co Ltd				

	Bid Price	Offer Price	+ or -	Yield Gross
Rutland Ins Bkg & Inv Grp ("RIBIG")				
2 The Windmills, Turk St, Alton, GU34 1EF 0420 80266				
Antlers LAS Man Life	155 9	164 2		–
Do NEL Brit Mthly Inc	130 6	137 5	+0.9	–
Do NM Man Life	148 8	156 6		–
Do NM Man Pens	177 6	186.9		–
Do Scot Eq Man Pens	128 0	134.7		–
Do Target Intl	118.5	124 8	+0.6	–
Norwester Scot Mut Man	119 8	126.2	+0 3	–
Do Scot Mut Pens Man	116.2	[illegible]	+0 5	–
Do NM Man Life	126.9	133.5	−0.3	–
Do NM Man Pens	140 3	147 6	−0.2	–
Do Target Life	112.0	117 9	+0 8	–
Do Target Pens	62.2	65.5	−0.4	–
Do Scot Equit Man	102.7	108 1	+0 4	–
Spectrum Safety	103 1	108.5	+0 3	–
Do Balanced	115.0	121.0	−0.4	–
Do Adventurous	119 9	126 2	−0 3	–
Burlington Sc Eq Global	127 3	134 0	+0 6	–
Do Sc Eq Global Pens	144 8	152.4	+1.5	–
Sharp (Albert E.) & Co.				
12 Newhall Street, Birmingham B3 3ER 021 200 2244				
Man-Clerical Med	151 3	159.3	+1.1	–
Pens Man NM	693.6	730 1	+3.1	–
Siltala Fund Managers Limited				
Siltala House, The Causeway, Bishop's Stortford, Herts 0279 757646				
Siltala Managed Funds				
Royal Heritage SOF	104.9	110.5		–
Royal Heritage CGF	137 6	144 9		–
Royal Heritage HIF	141 7	149 2		–
Royal Heritage RIF	96.3	101.4		–
Target SOF	109.4	115 2		–
Target CGF	105 1	110.7		–
Target HIF	104 1	109 6		–
Target RIF	106 8	112.5		–
South Yorks Investment Management				
Hooton Pagnell, Doncaster DN5 7DW 0977 640331				
Pens-Man-Schroder	129 9	136.7	+1.2	–
Sth Yorks Intl	112.3	112.5	+3 2	–
Sth Yorks Inc & Gen	159 0	167 3	+1.1	–
Sth Yorks Share P'folio	109 8	115.6	+0.3	–
Tattersall Investment Mngt. Ltd				

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	98	Exch 11pc 1990‡‡	99	+1/32	11.06	14.79
101	99	Exch. 12½pc 1990	99	....	12.56	14.69
97	91	Treas. 3pc 1990	97	+1/16	3.09	12.05
97¼	95	Treas 8¼pc 1987–90‡‡	97	.....	8.49	13.85
98	95¼	Treas. 8pc Cv 1990 ‡‡	97xd	.....	8.23	13.77
98	96	Treas. 10pcCv 1990	96	.....	10.31	13.99
93	87	Exch 2½pc 1990	93½	+1/16	2.68	10.74
101	98	Treas 11¾pc 1991	98xd	.....	11.95	13.60
93¼	89	Funding 5¾pc '87–91‡‡	93	.....	6.17	11.77
90¾	86	Treas. 3pc 1991	90	.....	3.30	10.42
100	95½	Treas 10pc Cv '91 ‡‡	96xd	+1/16	10.41	12.95
101	96	Exch. 11pc 1991	97	+1/32	11.31	12.73
94	91	Treas 8pc 1991	92¼	+1/16	8.67	12.64
106	100¼	Treas 12¾pc 1992‡‡	100xd	+1/16	12.64	12.26
99½	95	Treas 10pc 1992	95¾	+1/32	10.44	12.26
94	90	Treas 8pc 1992 ‡‡	91	+1/32	8.71	12.16
100¾	96	Treas 10½pc Cv 1992‡‡	97	.....	10.82	11.97
85¾	82¼	Treas. 3pc 1992	84¾	.....	3.54	10.27
105	99	Exch. 12¼pc '92	100	+1/16	12.20	12.02
109¼	103	Exch 13½pc 1992	103	.....	13.02	11.84
94	90	Treas 8¼pc 1993	91¼	+1/16	9.04	11.64
100	95¼	Treas 10pc 1993‡‡	96	+1/16	10.41	11.45
108¼	101	Treas 12½pc 1993‡‡	102⅞xd	+1/16	12.15	11.49
88	84	Funding 6pc 1993‡‡	85	.....	6.99	10.74
113¼	106	Treas 13¾pc 1993‡‡	107¼	+1/16	12.83	11.39
94½	89	Treas. 8½pc 1994	90xd	+1/16	9.36	11.30
117	109	Treas 14½pc 1994‡‡	110¾	+1/16	13.09	11.17
113	106	Exch 13½pc 1994	107	+1/16	12.59	11.32
100¾	94	Treas. 10pc Ln. 1994‡‡	96¼	+1/16	10.40	11.12
110¼	102	Exch 12½pc 1994	104	+1/16	12.01	11.31
96	91¼	Treas 9pc 1994‡‡	92	+1/32	9.70	11.11

Five to Fifteen Years

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	101	Treas 12pc 1995	103xd	+1/16	11.65	11.21
79¾	72	Exch 3pc Gas 90–95	76½	.....	3.93	8.65
101	95	Exch. 10¼pc 1995	96xd	+1/16	10.61	11.08
113	106	Treas 12¾pc 1995‡‡	107	+1/16	11.85	10.95
119	110	Treas. 14pc '96	112¼xd	+1/16	12.48	11.16
97½	90	Treas 9pc 1992–96‡‡	91	+1/16	9.86	10.86
126	117	Treas 15¼pc 1996‡‡	118	+⅛	12.80	10.97
117	108	Exch 13¼pc 1996‡‡	110	+⅛	11.99	10.91
101	94	Conversion 10pc 1996	96¼	+⅛	10.39	10.79
118½	109	Treas 13¼pc 1997‡‡	111⅝xd	+1/16	11.87	10.84
104	96	Exch 10½pc 1997	98¾	+⅛	10.64	10.76
95	88	Treas 8¾pc 1997‡‡	90¾	+⅛	9.65	10.59
128¾	118	Exch 15pc 1997	120¾	+⅛	12.40	10.99
100	93	Exch. 9¾pc 1998	95⅛xd	+⅛	10.23	10.62
84¾	78¾	Treas 6¾pc 1995–98‡‡	80	+⅛	8.34	10.20
134	123	Treas. 15½pc '98‡‡	126	+⅛	12.30	10.80
111	105	Exch. 12pc 1998	107⅛	+⅛	11.20	10.73
100	92	Treas 9½pc 1999‡‡	95xd	+⅛	10.00	10.36
115¾	106	Exch 12¼pc 1999	108⅞	+⅛	11.25	10.70
105¾	97	Treas. 10½pc 1999	99½	+⅛	10.56	10.59
104	96	Conversion 10¼pc 1999	98	+⅛	10.46	10.58
94	86	Treas. 8½pc Ln 2000‡‡	88⅞xd	+⅛	9.57	10.30
97	89	Conversion 9pc 2000‡‡	91¾	+⅛	9.80	10.32
122	112	Treas. 13pc 2000	114⅞xd	+⅛	11.38	10.71
103	95	Treas 10pc 2001	97¼	+⅛	10.29	10.42
124	114¾	Treas. 14pc '98–01	116	+⅛	12.00	10.91
102	93	Conversion 9¾pc 2001	95	+⅛	10.18	10.39
113	104	Exch. 12pc '99–02	107xd	+⅛	11.22	10.77
104	95	Conversion 10pc 2002	97	+⅛	10.25	10.34
102	94	Treas 9¾pc 2002	96	+⅛	10.16	10.31
97	89	Exch. 9pc 2002	91	+⅛	9.87	10.24
126	116	Treas. 13¾pc 2000–03	118⅝	+⅛	11.59	10.76
105	96	Treas 10pc 2003	98⅝	+⅛	10.14	10.18
113	103	Treas. 11½pc 2001–04	105¾	+⅛	10.86	10.58
106	96	Treas. 10pc 2004	98⅞	+1/16	10.11	10.14
59¾	54	Funding 3½pc '99–04	56xd	.....	6.25	8.98
102	93½	Conversion 9½pc 2004	95⅝	+⅛	9.94	10.07

Over Fifteen Years

BRITISH FUNDS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103	93⅝	Conversion 9½pc 2005	95	+¼	9.92	10.04
111	101½	Exch. 10½pc 2005	103⅝	+¼	10.13	10.03
125	114¼	Treas. 12½pc 2003–05	116	+⅛	10.71	10.21
90⅞	82⅛	Treas. 8pc 2002–06‡‡	84	+¼	9.52	9.97
118	108	Treas. 11¾pc 2003–07	110xd	+⅛	10.60	10.23
96	86	Treas 8½pc 2007 ‡‡	89¼xd	+¼	9.53	9.80
134⅝	122¼	Treas. 13½pc '04–08	124⅞	+⅛	10.82	10.16
101	91	Treas. 9pc 2008 ‡‡	93	+¼	9.62	9.24
94	91	Treas. 9pc 2008 B	93	+¼	9.62	9.24
92	83	Treas 8pc 2009	85⅛	+¼	9.40	9.71
102	91⅞	Conv 9pc Ln 2011 ‡‡	93⅞xd	+¼	9.59	9.68
68	61½	Treas. 5½pc 2008–12‡‡	63	+⅛	8.74	9.51
89	80	Treas. 7¾pc 2012–15‡‡	82xd	+⅛	9.43	9.65
132	118⅝	Exch. 12pc '13–'17	121¼	+⅛	9.91	9.71

Undated

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
45⅜	40	Consols 4pc	41xd	+1/16	9.77	–
40⅝	35⅝	War Loan 3½pc‡‡	36	+1/16	9.62	–
70	60⅞	Conv 3½pc '61 Aft.	61¾	.....	5.67	–
41	31¼	Treas. 3pc '66 Aft.	32	.....	9.28	–
30¼	25	Consols 2½pc.	25	.....	9.69	–
29½	24	Treas. 2½pc.	25	.....	9.83	–

Index-Linked

1989/90 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
112¾	103	Tr. 2pc '92‡‡(97 8)	112⅜	.....	3.08	4.27
105	94	Do. 2'94 (102 9)	105⅝	.....	2.93	3.52
155	139½	Do 2pc '96(67.9)	155	.....	3.02	3.42
131½	118	Do 2½pc '01(78.3)	131⅛	+⅛	3.38	3.64
128⅝	115⅝	Do. 2½pc '03(78.8)	128¾	+⅛	3.45	3.68
131	117	Do. 2pc '06(69.5)	131xd	+⅛	3.49	3.68
123	110¼	Do. 2½pc '09(78.8)	123	+⅛	3.49	3.66
128	114	Do. 2½pc '11(74.6)	128	+⅛	3.48	3.64
107	95¼	Do 2½pc '13(89 2)	106	+⅛	3.45	3.60
115¼	101½	Do. 2½pc '16(81.6)	115½xd	+⅛	3.42	3.57
113	100¾	Do 2½pc '20(83.0)	112	+⅛	3.39	3.51
95¼	84	Do. 2½pc '24‡‡(97.7)	95½xd	+⅛	3.34	3.45

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing. (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1989: 114.3 and for November 1989. 118.5.

INT. BANK AND O'SEAS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	98	African Dv Bk 11¼ Ln 2010	99	+⅛	11.13	11.13
104¾	94	Asian Dev Bk 10¼pcLn2009	96	+⅛	10.65	10.72
130	117	Australia 13½pc 2010	119¾	+⅛	11.27	11.05
113	101	Do 11¾pcLn2015	103⅛	+⅛	11.02	11.00
110	98	Euro Inv Bk 11pc Ln 2002	100	+⅛	10.97	10.94
119	107	Int-Am Dev Bk 12½pc 2003	109¼	–⅛	11.45	11.15
99	89	Do 9¾pcLn 2015	91	+⅛	10.71	10.79
97½	89	Mlysia 10¾pcLn 2009	90	–½	11.94	12.09
120	110	Utd. Mexican States 16½pc 2008	110	.....	15.00	14.90

CORPORATION LOANS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
111½	10½	Birmingham 11½pc 2012	10½	–90	11.44	11.40
91	85½	GLC 6¾pc 1990–92	88½	.....	7.63	12.80
124½	115½	Leeds 13½pc 2006	116½	.....	11.59	11.25
33	29	Liverpool 3½pc Irred	29	.....	12.07	–
95½	92	LCC 6¾pc '88–90	95½xd	.....	7.07	11.60
30	26	Do. 3pc 20 Aft.	27	.....	11.11	–
107½	99½	Manchester 11½pc 2007	101½	.....	11.33	11.30

COMMONWEALTH & AFRICAN LOANS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988–92	87¾	.....	8.26	12.25
206	206	S Rhod 2½pc Non-Assd	206	.....	–	–
84½	84½	Do. 4½pc 87–92 Assd	84½	.....	5.33	9.33

LOANS

Building Societies

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100½	98¾	N'wide Anglia 12⅞pc 29.1.90	99xd	.....	12.58	14.91
100	98¾	Do 12pc 26 2 90	99	.	12.76	15.28
100	98	Do. 12⅞pc 19 3 90	99	.....	12.94	15.20
100	98	Do 13⅛pc 23.4 90	99½	.....	13.46	15.17
100	98	Do. 13pc 14 5 90	99	.....	13.80	15.14
100	98⅝	Do. 13pc 4/6/90	99	.....	13.76	15.07
100	99⅛	Do 14⅛pc 2.7.90	99xd	.....	14.36	14.99
100⅛	98	Do. 13⅝pc 23.7.90	99	.....	13.71	14.97
100	98	Do. 13pc 13 8.90	99	.....	13.56	14.96
100	98	Do. 13½pc Bds 3 9 90	99	.....	13.63	14.85
109	98	Do. 3⅞pcIL Ln 2021	109	+1¼	4.27	4.42
108½	99⅛	Do. 4.25pcIL '24	108½	+1¼	4.24	4.23

Public Board and Ind.

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
47	43	Met. Wtr. 3pc 'B'	44xd	–1	6.82	11.10

FOREIGN BONDS & RAILS

1989/90 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	40	Greek 7pc Ass	50	.....	3.50	f7 00
50	40	Do 6pc 28 Stb Ass.	50	.....	3	f6.00
50	40	Do 4pc Mixed Ass.	50	.....	2	f4 00
80	65	Hung. 24 Ass.	80	.....	2.75	f3.57
139	125	Hydro Quebec 15pc 2011.	127	.....	15 00	11 52
128	113	Iceland 14½pc Ln 2016.	116	.....	14.50	12.41
97¼	90	Ireland 9¾pc '91–96.	98¼	.....	10.74	11.90

AMERICANS

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
44	26½	Abbott Laboratories‡	43xd	+⅛	$1.40	–	2.1
579p	361p	♥Allegheny & W 1c	526p	+7	30c	–	3.6
18⅞	12	Amax $1.	15xd	–⅛	80c	–	3.4
11⅛	6	Ambase Corp $1.	7⅝	–⅛	20c	–	1.7
15	695p	Amdahl 5c	986pxd	+55	h10c	–	0.6
37⅞	25½	Amer. Cyanamid $5.	34⅛	+⅛	$1.35	–	2.5
25	14	Amer Express 60c	21⅞xd	+⅛	84c	–	2.4
29⅛	15¾	American T & T. $1.	28	–⅛	$1.20	–	2.6
42¼	26	Ameritech $1.	41½	–½	h$2.92	–	4.5
659p	490p	♥Asiamerica Equity‖	549p	–1	–	–	–
22	9⅝	BankAmerica $1	17xd	+¼	60c	–	2.2
37⅛	19⅛	Bankers N Y $1.	26xd	+⅛	$2 12	–	5.0
70⅛	38½	Bell Atlantic $1.	70⅝	–⅛	$4 40	–	3.9
36⅛	19⅜	BellSouth Corp.	36½	–⅛	$2.53	–	4 4
15	9¼	♥Bethlehem Steel $8.	11xd	–⅛	40c	–	2.2
12	868p	♥Bio-Rad Labs A	10¼	+⅛	–	–	–
20¼	15¼	Bowater Inc.	17½	+⅛	$1 12	–	4.0
12⅞	8	Brunswick 75c.	8xd	–⅛	44c	–	3.1
46⅛	28⅜	CPC Intnl. 25c.	45	–⅛	$1.80	–	2.5
863p	333p	California Engy	739p	–7	–	–	–
36	17¼	Campbell Soup 15c	33xd	–⅛	92c	–	1.7
28	15	Chase Manhattan $12½	21xd	+⅛	$2.36	–	6.8
36	17	Chem. Banking Corpn.	19¼	+½	$2.72	–	8.9
17⅛	11	Chrysler $6¼	12¼xd	–⅛	$1.20	–	6.2
22	14	Citicorp $1	18¼xd	+¼	$1 62	–	5.6
41⅛	25	Colgate-Palmolive $1.	39xd	+⅛	$1.48	–	2.4
17⅛	10⅛	Cont'l Bank Corp $4.	13⅛	+⅛	80c	–	3.9
410p	218p	♥Corporate Data Sciences	298p	.....	–	–	–
27½	20⅜	Dana Corp $1.	21xd	.....	$1.60	–	4.6
12	739p	Data General	760p	–8	–	–	–
38⅛	26	Dun & Bradstreet $1.	28¼	–⅛	$2.00	–	4.5
43¼	24	Eaton Corpn 50c	35⅛	.....	h$2.00	–	3.6
11⅛	8¾	Echlin Inc	9⅝	–⅛	70c	–	4.5
22	16⅜	FPL Group 1c	22⅛	–⅛	$2.28	–	6.4
23⅛	13⅛	Fluor Corp 62½pc.	23⅝	+1	16c	–	0.4
35½	25	Ford Motor $1.	28¼xd	+⅛	$3.00	–	6.7
41⅝	24¼	Gen Elect 63c	41	–⅛	$1.40	–	2.9
579p	365p	♥General Host Corp $1.	371p	–17	30c	–	5.1
39⅛	18¾	Gillette $1	30⅝	–⅛	96c	–	2.0
987p	357p	[illegible]	457p	+38	20c	–	2.8
23⅞	16	Greyhound $1½	20	–⅛	$1.32	–	4.2

Continued on next page

	Bid Price	Offer Price	+ or –	Yield Gross
Intermarket				
NAV Jan 3	$11.12		.....	–
Intermarket Fund				
NAV Oct 31	$416.21		.....	–
International Bond Trust				
CDC A NAV Jan 4	$13.38		–0.04	–
CDC B NAV Jan 4	$30.16		–0.08	–
International Speciality Fund				
Intl Speciality	$12.94		.....	–

	Bid Price	Offer Price	+ or –	Yield Gross
Nikko Luxembourg S.A.				
Global Alpha Strategy Fund–SICAV				
Pacific Alpha Fd*	$14.01	14.22	.....	–
US/Europe Alpha Fd*	$10.65	10.81	.....	–
*Price as at January 2				
US Index Fd-SICAV NAV	$11.82		+0.43	–
**Price as at January 3				
Nomura Asia Europe Fund				
NAV Jan 4	$11.92		+0.09	–

	Bid Price	Offer Price	+ or –	Yield Gross
Skandifond – Contd.				
Equity Nordic	$1.37	1.45	.....	–
Equity UK	£1.20	1.27	.....	–
Equity Conti Europe	$1.33	1.41	.....	–
Equity Mediterranean	$1.19	1.26	.....	–
Equity North America	$1.26	1.33	.....	–
Bond Int. Acc	$8.40	8.90	.....	–
Bond Int. Inc.	$7.01	7.23	.....	–
Bond DEM Acc.	DM0.95	0.97	.....	–
Bond DEM Inc	DM0.95	0.97	.....	–
Bond Dollar Acc	$1.03	1.09	.....	–

	Gross	Net	Gr Equiv CAR	Int Cr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01 601 6746	
Money Mkt Cheque Acc	13 6	10.64	14.91	Mth
Barclays Capital Advantage Account				
94 St Paul's Churchyard EC4M 8EN			01-248 9155	
£10,000+	13 50	10.75	14.92	Qtr
Barclays Prime Account H.I.C.A.				
PO Box 125 Northampton			0604 252891	
£1 000–£2,499	11.80	9 20	12.47	Qtr

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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AMERICANS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
15½	547p	Hasbro Inc 50c	12½		16c	–	0.8
57½	32¼	Honeywell $1½	54½	–½	$2.75	–	3.2
22½	15¼	Houston Inds	21½		$2.96	–	5.6
76½	58½	IBM Corpn $1¼	61¼	+½	$4.84	–	5.0
60p	45p	Image Storage'R Sys 1c	48p		–	–	–
32½	18½	Ingersoll-Rand $2	32½	+½	$1.20	–	2.3
33¼	22½	Lockheed Crpn $1	25½	–½	$1.80	–	4.5
22½	10½	Lone Star Inds $1	10½	–½	$1.90	–	11.1
28	17½	Louisiana Land 15c	27½	+½	$1.00	–	2.3
20½	12½	Lowe's 50c	16	–½	[illegible]	–	1.7
28½	15½	Manuf. Hanover $1	21½	+½	$3.28	–	9.5
22½	13½	Merrill Lynch $1	16½	+½	$1.00	–	3.8
24¼	19½	Molex Inc	23½	–½	3.2c	–	–
30½	18½	Morgan (JP) $2½	27½	–½	$1.66	–	3.8
28½	24½	Morris (Philip)	27½	+½	$1.13	–	2.6
56½	36½	NYNEX $1	55½	–½	$4.36	–	5.0
44p	15c	N'wide Legal Serv	19p			–	–
24½	18½	PHH Corp	21½	+½	$1.16	–	3.5
259p	167p	♦Pacific Agr	185p	–10		–	–
29½	19	Pacificorp $3¼	29½	–½	$2.76	–	5.7
31½	16½	Pacific Telesis 10c	31½	–½	$1.88	–	3.8
22½	13½	Pall Corp 25c	21½	–½	48c	–	1.4
55¼	39½	Pennzoil 83 1/3c	54½	–½	$3.00	–	3.5
42½	28½	Quaker Oats $5	35½		$1.40	–	2.5
32½	23½	Rep NY Corpn $5	32½	–½	$1.28	–	[illegible]
16½	11½	Rockwell Intl $1	14½	–½	78c	–	3.4
29½	19	Sears Roebuck 75c	24½	+½	$2.00	–	5.2
40½	21½	Southwestern Bell $1	39½	–½	$2.60	–	4.2
27½	17½	Sun Co. Inc $1	25½	–½	$1.80	–	4.5
31½	22½	TRW Inc. 62½c	32½	+½	$1.72	–	3.4
24½	14½	TW Services $5	21½			–	–
40	26½	Tenneco $5	[illegible]	–½	$3.04	–	4.9
36½	26	Texaco $6.25	35½	–½	$3.00	–	5.3
28½	18½	Texas Instr. $1	22½	–½	72c	–	2.0
117½	58½	Time Inc $1	81½	–½	$1.00	–	0.8
19½	13½	TRINOVA Corp	15½	+½	168c	–	2.8
26½	16	USX $1	22½	–½	$1.40	–	4.0
325p	126p	♦Unilab	320p		–	–	–
36½	22½	Utd. Technologies	34½	–½	$1.60	–	3.0

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

For Water Issues see London Recent Equities

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES – Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

50	28	Tavern Leis 20p .. y	37	......	–	–	–
115	28	Tomorrows Leisure 20p y	94	......	–	–	35.8
113	55	UPL Group 10p..... y	55	......	2.75	1.9	6.7	10.4
150	128	Unit Group .... y	129	......	5.0	3.3	5.2	7.3
100	66	Video Magic Leis. 1p y	79	–1	W2.0	0.7	3.4	63.3
14	4¼	Vista Ents 5p. ..... y	4¾	......	–	–	–	–
40	16	Vizcaya Hldgs 5p.. y	16	–2	–	–	–	–
46½	23	Whitegate Leisure 20p. y	40	......	–	–	–	–
32½	10	Do Wrrnts... ..... y	24	–1	–	–	–	–
10¾	4½	Wilton Group 1p... y	5¼	......	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ▫ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89 G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90 P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	90	–1
Craig & Rose £1 . y	830	......
Finlay Pkg 5p ... y	58	......
Holt (Jos) 25p..... y	1353	......

IRISH

Cap. 8½% Ln. 1991	£97	......
9pc Cap Ln. 1996 .	£96	......
Fin. 13% 97/02...	£115	......
Arnotts..................	405	......
Carrol (P.J.)...... y	163xd	+1
Hall (R. & H.J.......	195	......
Heiton Hldgs....... y	99	+5
IRG....	207xr	+2
United Drug.........	165	+15

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5½
BAT	67
BOC Grp.	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit Telecom	22
Cadburys	31
Charter Cons.	42
Comm Union	40
Courtaulds	31
Eurotunnel	46
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	39
GKN	33
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	32
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	16
Midland Bk.	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd.	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
Smkl. Beecham A.	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Bundesbank leads dollar down

CENTRAL BANK intervention pushed the dollar lower yesterday. The West German Bundesbank, Bank of Japan and other central banks sold dollars, but at the end of European trading there was no sign of intervention by the Federal Reserve.

In New York the Fed added reserves to the banking system, via four-day system repurchase agreements, when Federal funds were trading at the assumed target rate of 8¼ per cent. The move was widely expected however and probably had no significance with regard to monetary policy.

The speed of the dollar's recovery at the start of the New Year may have caused concern and this sharp movement, rather than the dollar's specific value, probably encouraged the central banks to act.

In early European trading the dollar was around DM1.7320, and rose to a peak of DM1.7355, before retreating to DM1.6820 at the London close against DM1.7205 previously, as the market took note of the Bundesbank's unwillingness to allow the D-Mark to fall.

The action by the German central bank was the first since October, and was accompanied by intervention from the Swiss National Bank. The Bank of England also intervened, but this was to sell the dollar against the Japanese yen, on behalf of the Bank of Japan.

This was the second day running that the Bank of England acted for the Japanese authorities and followed similar action by the Bank of Japan in Tokyo, selling about $700m to $800m.

Dealers said that the Bank of Japan was worried when the dollar touched a peak of Y145.75 in Tokyo, and did not want to see the US currency above Y144.50. At the end of trading in Tokyo it was Y145.20, but by the London close the authorities had succeeded in pulling the rate down to Y143.30, from Y145.65 on Wednesday.

In terms of other major currencies the dollar fell at the London close to SFr1.5410 from SFr1.5780 and to FFr5.7450 from FFr5.8775. On Bank of England figures the dollar's index fell to 67.2 from 67.9.

Within the European Monetary System the lira fell to a record low against the D-Mark and the French franc also weakened, as the recovery of the D-Mark against the dollar renewed fears of rising pressure on the system. Dealers noted that the Bank of Italy and Bank of France did not join in the round of intervention to push down the value of the dollar.

Sterling fell back against the rising D-Mark, but did not show any fundamental weakness on its own account, rising 2 cents to $1.6300 against the dollar. Recent UK economic news has been reasonably encouraging and North Sea oil prices continued to rise yesterday.

The pound fell to DM2.7425 from DM2.7700; to Y233.50 from Y234.50; to SFr2.5125 from SFr2.5400; and to FFr9.3650 from FFr9.4625. According to the Bank of England sterling's index lost 0.3 to 86.7.

EURO-CURRENCY INTEREST RATES

Jan 4	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15⅛-15	15⅛-15	15 3/16-15 1/16	15⅛-15 1/16	15-14 15/16	14⅞-14¾
US Dollar	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼	8⅜-8¼
Can Dollar	12-11¾	11⅞-11¾	12-11¾	12⅛-11⅞	11⅞-11¾	11¾-11½
D Guilder	8¾-8½	8¾-8½	8⅞-8¾	8 15/16-8 13/16	8 15/16-8 13/16	8 15/16-8 13/16
Sw Franc	10⅛-9⅞	10⅛-9⅞	10 5/16-10 3/16	10 5/16-10 3/16	10 3/16-10 1/16	10 3/16-10 1/16
Deutschmark	7 13/16-7 11/16	7⅞-7¾	8⅜-8¼	8½-8⅜	8 11/16-8 9/16	8 13/16-8 11/16
Fr. Franc	11¼-11⅛	11¼-11⅛	11 5/16-11 3/16	11⅜-11¼	11¼-11⅛	11 5/16-11 3/16
Italian Lira	13-11	12¼-11¾	12⅞-12⅝	13-12½	13-12¾	13⅜-13⅛
B. Fr (Fin)	10⅛-10	10⅛-10⅛	10 5/16-10 3/16	10⅜-10¼	10⅜-10¼	10⅜-10¼
B. Fr. (Con)	10⅛-10	10⅛-10	10⅜-10¼	10⅜-10¼	10⅜-10¼	10⅜-10¼
Yen	6 5/16-6 3/16	6 5/16-6 3/16	6 11/16-6 9/16	7-6⅞	7 1/16-6 15/16	7-6⅞
D Krone	12¼-12	12 5/16-12 3/16	12 5/16-12 3/16	12 7/16-12 5/16	12-11⅞	11⅞-11¾
Asian $Sing	8½-8⅜	8 7/16-8 5/16	8⅜-8¼	8⅜-8¼	8 7/16-8 5/16	8 7/16-8 5/16

Long term Eurodollars: two years 8⅜-8¼ per cent; three years 8½-8⅜ per cent; four years 8⅝-8½ per cent; five years 8¾-8⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

£ IN NEW YORK

Jan 4	Latest	Previous Close
£ Spot	1.6175-1.6185	1.6097-1.6107
1 month	0.84-0.83pm	0.91-0.90pm
3 months	2.34-2.31pm	2.58-2.56pm
12 months	8.38-8.28pm	8.95-8.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.4	Previous
8.30 am	[illegible]	[illegible]
9.00 am	[illegible]	[illegible]
10.00 am	[illegible]	[illegible]
11.00 am	[illegible]	[illegible]
Noon	[illegible]	[illegible]
1.00 pm	[illegible]	[illegible]
2.00 pm	[illegible]	[illegible]
3.00 pm	[illegible]	[illegible]
4.00 pm	86.7	87.0

POUND SPOT- FORWARD AGAINST THE POUND

Jan 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6060-1.6305	1.6295-1.6305	0.91-0.89cpm	6.63	2.59-2.56pm	6.32
Canada	1.8735-1.8935	1.8925-1.8935	0.51-0.41cpm	2.92	1.34-1.24pm	2.73
Netherlands	3.09¼-3.15	3.09¼-3.10¼	1⅝-1½cpm	6.05	4⅝-4½pm	5.89
Belgium	57.70-58.60	57.90-58.00	24-22cpm	4.76	66-62pm	4.42
Denmark	10.69¼-10.85¼	10.71¼-10.72¼	2¾-2½orepm	2.87	7½-7pm	2.73
Ireland	1.0395-1.0570	1.0400-1.0410	0.30-0.25ppm	3.17	0.80-0.70pm	2.88
W. Germany	2.74-2.79¼	2.74-2.74½	1⅝-1½pfpm	6.84	4⅝-4½pm	6.29
Portugal	242.00-245.30	243.15-244.15	62-145cdis	-5.10	162-403dis	-4.64
Spain	177.35-179.70	177.35-177.65	3-13cdis	-0.54	24-38dis	-0.70
Italy	2059¾-2083¼	2059¾-2060¾	5-3lirepm	2.33	13-8pm	2.04
Norway	10.68½-10.75½	10.72-10.73	2⅝-2⅛orepm	2.80	7¼-6⅝pm	2.56
France	9.36-9.52¼	9.36-9.37	3¼-2⅞cpm	3.84	7⅝-7⅛pm	3.20
Sweden	10.05½-10.12	10.08¼-10.09¼	2⅝-2⅛orepm	2.97	5⅞-5½pm	2.25
Japan	233-234¼	233-234	1¾-1⅝ypm	8.67	4⅝-4½pm	7.82
Austria	19.30-19.56	19.30-19.33	7½-5⅞gropm	4.15	27½-22¾pm	5.16
Switzerland	2.50¼-2.54¼	2.50¼-2.51¼	1¼-1⅛cpm	2.06	3½-3⅜pm	5.47
ECU	1.3555-1.3630	1.3555-1.3565	0.45-0.42cpm	3.85	1.19-1.14pm	3.44

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 57.90-58.00 Six-month forward dollar 4.95-4.90cpm 12 months 8.85-8.75cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6060-1.6305	1.6295-1.6305	0.91-0.89cpm	6.63	2.59-2.56pm	6.32
Ireland†	1.5205-1.5625	1.5595-1.5605	0.41-0.36cpm	2.99	1.30-1.20pm	3.23
Canada	1.1600-1.1650	1.1605-1.1615	0.34-0.38cdis	-3.72	1.04-1.08dis	-3.65
Netherlands	1.8995-1.9585	1.8995-1.9005	0.05-0.08cdis	-0.41	0.25-0.30dis	-0.57
Belgium	35.50-36.45	35.50-35.60	[illegible]	-1.90	15.00-22.50dis	-1.94
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible]

CURRENCY RATES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.4	% change from central rate	% spread adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.6374	+0.42	+0.42	±1.5508
Danish Krone	7.85212	7.89032	+0.49	+0.49	±1.6453
German D-Mark	2.05853	2.02002	-1.87	-1.87	±1.1762
French Franc	6.90403	6.92920	+0.37	+0.37	±1.3618
Dutch Guilder	2.31943	2.28997	-1.27	-1.27	±1.5272
Irish Punt	0.768411	0.768094	-0.04	-0.04	±1.6689
Italian Lira	1483.58	1521.21	+2.54	+2.54	±4.0410
Spanish Peseta	133.804	131.113	-2.01	-2.01	±4.2700

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE £/$ OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); SWISS FRANC (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); STANDARD & POORS 500 INDEX

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6300	1.6210	1.6045	1.5808	1.5420

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU

[illegible]

FT-SE 100 INDEX

	Close	High	Low	Prev.
Mar	2500.0	2530.0	2493.0	2510.0
Jun	2542.0			2552.0
Sep				

Estimated volume 4283 (3885)
Previous day's open int. 21684 (21744)

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 48,658

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

London rates steady

INTEREST RATES remained steady on the London money market yesterday in quiet trading. Three-month interbank was unchanged at 15⅛-15 1/16 per cent and 12-month money at 14 11/16-14 9/16 per cent. Dealers said there was no obvious change in rates, but sentiment had improved.

The Bank of England initially forecast a day-to-day credit shortage of £600m, but revised this to £550m at noon and to £500m in the afternoon. Total help of £418m was provided.

Before lunch the authorities bought £337m bills outright, by way of £2m local authority bills in band 2 at 14¾ per cent and £335m bank bills in band 2 at 14¾ per cent. In the afternoon the Bank of England purchased another £81m bills, via £8m Treasury bills in band 1 at 14⅞ per cent and £73m bank bills in band 1 at 14⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take up of Treasury bills drained £404m, with Exchequer transactions absorbing £80m and bank balances below target £175m. These factors outweighed a fall in the note circulation adding £65m to liquidity.

In Frankfurt the West German Bundesbank took the expected decision and left its credit policies unchanged at yesterday's council meeting. The discount rate remains at 6.00 per cent and the Lombard emergency financing rate at 8 per cent.

Call money in Frankfurt eased to 7.80-7.90 per cent from 7.95-8.10 per cent, as credit conditions eased at the start of the New Year. This was the result of high reserve holdings of the commercial banks with the Bundesbank, averaging DM66.22 for the first two day's of January.

In Paris French call money remained high at 11 3/16 per cent, but was below Wednesday's peak of 11¾ per cent, after the Bank of France decided to leave its money market intervention rate at 10 per cent and its five-to-10 day securities repurchase rate at 10¾ per cent. Once again the central bank offered overnight assistance to the market at a rate of 11¼ per cent, unchanged from Wednesday.

In Amsterdam call money eased to 8.80 per cent from 8.87 per cent after the Dutch Central Bank met market liquidity needs by allocating Fl 6.22bn through a six-day special advances pact at a rate of 8.50 per cent, compared with 8.30 per cent previously.

UK clearing bank base lending rate 15 per cent from October 5

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.4) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid	offer

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9½
Fed.funds	8¼
Fed.funds at intervention	8¼

Treasury Bills and Bonds

One month	6.29	Three year	7.92
Two month	7.36	Four year	7.90
Three month	7.84	Five year	7.90
Six month	7.89	Seven year	8.00
One year	7.80	10-year	7.96
Two year	7.90	30-year	8.02

Jan.4	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.80-7.90	8.15-8.30	8.15-8.30	8.15-8.30	8.25-8.40	8.00
Paris	11⅛-11¼	11 3/16-11 1/16	-	11 3/16-11 1/16		9.50
Zurich	9⅞-9⅝	9⅞-9⅝	-	9¾-9½	-	-
Amsterdam	8.75-8.85	8.95-9.00	-	8.90-9.00	-	-
Tokyo	6 13/16-6 11/16	6⅞-6⅝	-	6 13/16-6 11/16	-	-
Milan	12½-12¾	12¾-13¼	-	12¾-13¼	-	-
Brussels	8.95	10⅜-10½	-	10 5/16-10 3/16	-	-
Dublin	10½-10¾	11⅝-11⅞	11⅞-12	12-12⅛	12 3/16-12 5/16	-

LONDON MONEY RATES

Jan 4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15½	15 1/16	15⅛	15⅛	15	14 11/16
Interbank Bid	14½	15	15 1/16	15 1/16	14⅞	14 9/16
Sterling CDs.	-	-	15 3/32	15 3/32	14 15/16	14⅝
Local Authority Deps.	15	15	15 1/16	15 1/16	14 15/16	14⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14 15/16	14⅞	14⅝	-	-
Company Deposits	-	-	15 3/16	15 3/16	15	14⅝
Finance House Deposits	-	-	15 3/16	15 3/16	14 15/16	14⅝
Treasury Bills (Buy)	-	-	14¾	14 11/16	-	-
Bank Bills (Buy)	-	-	14 13/16	14¾	13 13/16	-
Fine Trade Bills (Buy)	-	-	15 5/16	15 3/16	14⅞	-
Dollar CDs.	-	-	8.30	8.30	8.25	8.25
SDR Linked Dep. Offer	-	-	9¼	9⅛	9⅛	8 15/16
SDR Linked Dep. Bid	-	-	8 15/16	8⅞	8 13/16	8 13/16
ECU Linked Dep. Offer	-	-	11¼	11½	11½	11½
ECU Linked Dep. Bid	-	-	11⅛	11⅜	11⅜	11⅜

Treasury Bills (sell); one-month 14 11/32 per cent; three months 14 11/32 per cent; Bank Bills (sell); one-month 14⅞ per cent; three months 14½ per cent; Treasury Bills; Average tender rate of discount 14.4790 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December,29 ,1989 . Agreed rates for period January.24 1990 to February,25 , 1990, Scheme I: 15.90 p.c., Schemes II & III: 16.38 p.c. Reference rate for period Dec.1,1989 to December.29 , 1989, Scheme IV&V: 15.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from January 1 , 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 , Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	15	Comm.Bk.N.East	15	Northern Bank Ltd	15
Adam & Company	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Trust Bank	15	Coutts & Co	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Cyprus Popular Bk	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Dunbar Bank PLC	15	Provincial Bank PLC	16
Associates Cap Corp	14	Duncan Lawrie	15	Roxburghe G'rantee	15½
Authority Bank	15	Equatorial Bank plc	15	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Bank of Baroda	15	Financial & Gen. Bank	15	● Smith & Williamson Secs.	15
Banco Bilbao Vizcaya	15	First National Bank Plc	16	Standard Chartered	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	TSB	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	● United Bk of Kuwait	15
Bank of Cyprus	15	Girobank	15	United Mizrahi Bank	15
Bank of Ireland	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of India	15	HFC Bank plc	15	Western Trust	15
Bank of Scotland	15	● Hambros Bank	15	Westpac Bank Corp.	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Benchmark Bank PLC	15	● Hill Samuel	§15		
Brit Bk of Mid East	15	C. Hoare & Co.	15		
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Courtenay Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		
		NatWestminster	15		

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JOTTER PAD

CROSSWORD

No7,130 Set by GRIFFIN

ACROSS
1 Ran into back street chapel after broadcast (12)
10 Eccentric aunt is first person in republic (7)
11 When people are thinking of retiring? (7)
12 Agree doctors must be keen (5)
13 Drink-offering from exotic Bali can bring about love (8)
15 And, in the fifties, dress ideas for women of property (10)
16 Coming from Germany, count Steffi (4)
18 Cold chop, a quid (4)
20 Pass a city on the Dee, somewhere in Essex (10)
22 In lorry it's reversing that's aesthetically pleasing! (8)
24 Grating for hot ash outside back door (5)
26 Something about a stiff sentence? (7)
27 Name people — conservationists — I ought to include (7)
28 Is holding me back when getting free place to live (4-8)

DOWN
2 Torn form with information on German physicist (7)
3 Ron's list of air passages? (8)
4 Poor chaps needing first aid internally (4)
5 Settling for advance payments I study religion (10)
6 Home help raised here (5)
7 I snore, I recollect, louder (7)
8 Bringing piano in Ethel creases new jumper (13)
9 Not much in old money but it got one around (13)
14 Hid some and scattered when warned (10)
17 Compiler with fashionable article installed by artisan (8)
19 Even one day of victory lost irritates competitors (7)
21 School period that is about leading Turkish colonist (7)
23 Crowd round fighting sergeant-major (5)
25 Exclude love with German (4)

Solution to Puzzle No.7,129

LEMNOS OCCASION / MAIDEN INCREASE / NASH BLEAT DEAL / DIAMONDFIELD / CARICATURIST / IVES ESSEX HUGO / LONGBOAT SCRAWL / TROLLOPE APPEAR

WORLD STOCK MARKETS

CANADA

TORONTO
Closing prices January 3

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
15400	Cinrena	$27⅛	27	27	
100	Cascades	$5⅛	5⅛	5⅛	
5800	Celanese	$30	29½	29½	− ⅛
100	Can Capital	$11⅛	11⅛	11⅛	
5760	CenCap A	$10	9⅞	9⅞	
500	CentFd A	$5⅞	5⅞	5⅞	− ⅛
1300	C Guar Trc	$10⅛	10⅛	10⅛	
3350	Chieftain	58	58	50	− 7
300	CHUM B f	$34⅞	24	24	− 1⅛
87900	Cineplex	$8⅛	8⅛	8⅛	+ ⅛
800	Co Steel f	$16⅛	16	16⅛	
83954	Cominco	$28	27⅞	27⅞	− ⅛
188318	Inco	$32½	31⅞	31⅞	− ⅛
850	Innopac	$8⅞	8½	8½	− ⅛
2430	Inter City	$23⅞	23⅞	23⅞	− ⅛
40440	Interhome	$44⅛	43⅞	44	− ⅛
2800	Inv Grp	$24⅛	24	24⅛	+ ⅛
150	Ipsco	$17½	17½	17½	− ⅛
100	Ivaco A f	$11	11	11	− ⅛
5175	Jannock	$19½	19⅛	19⅞	+ ⅛
7473	Kerr Add	$21½	20½	21⅛	+ ⅛
27270	Labatt	$24⅞	24⅞	24⅞	+ ⅛
183829	Lac Minrls	$13⅛	13½	13½	− ⅛
8585	Lafarge p	$21⅞	21⅛	21⅛	
16583	Rogers B f	$110⅛	108⅛	109½	− ⅛
800	Roman	$9⅝	9½	9⅝	
100	Rothman	$68	68	68	
103756	Royal Bnk	$50⅛	50⅛	50⅞	+ ⅛
86653	Ry Trco	$18⅛	17⅞	17⅞	− ⅞
33800	SHL Syst	$12⅛	11½	11½	− ⅞
600	SNC A f	$11⅞	11⅞	11⅞	
9300	StL CemA f	$17½	17⅛	17⅞	
45603	Saskoil	$13⅞	13⅞	13⅞	+ ⅛
27878	Sceptre	$5⅛	490	5	
1765	Scot Paper	$17⅞	17⅞	17⅞	+ ⅛
13283	Scotts f	$14½	14⅛	14⅞	+ ⅛
15633	Scotts C	$15	14⅝	14⅝	− ⅛
50015	Seagram	$109	108	108½	+ 1
12289	Sears Can	$13⅞	13⅛	13⅞	+ ⅛
100	Weldwood	$15⅞	15⅞	15⅞	
1030	Wst Fraser	$16⅞	16½	16½	
170700	Wcoast E	$21⅛	20⅞	21	+ ⅛
1200	Westmin	$8⅞	8⅞	8⅞	
4861	Weston	$43⅞	43	43	− ⅛
14443	Woodwd A	255	245	250	
600	Xerox Can	$22½	22⅛	22⅛	+ ⅛

f – No voting rights or restricted voting rights.

MONTREAL
Closing prices January 3

Sales	Stock	High	Low	Close	Chng
984	BombrdrA	$17⅛	16⅞	17⅛	+ ⅞
38748	BombrdrB	$17⅛	16⅞	17	+ ⅞
25550	Cambior	$14⅝	14⅞	14½	− ⅛
6600	Cascades	$05⅛	05⅛	05⅛	
16735	DomTxtA	$16⅛	16	16⅛	
15580	Memotec	$10⅞	10⅝	10⅝	
70726	NatBk Cda	$12⅝	12⅞	12⅝	+ ⅛
8473	Noverco	$11⅞	11⅞	11⅞	
7685	Power Corp	$15⅞	15⅞	15⅞	
8819	Provigo	$09⅞	09⅛	09⅞	
3157	Quebecr A	$15	14⅞	15	+ ⅛
226	Quebecr B	$13⅞	13⅝	13⅞	+ ⅛
3220	Videotron	$16⅛	16⅛	16⅛	

Total Sales 5,257,960 shares.

INDICES

NEW YORK

DOW JONES	Jan 3	Jan 2	Dec 29	Dec 28	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2809.73	2810.15	2753.20	2732.30	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	93.04	92.98	92.94	93.07	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1191.50	1201.10	1177.81	1174.43	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	234.15	236.23	235.04	235.41	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2834.04 (2811.65) Low 2786.26 (2732.51)

STANDARD AND POOR'S	Jan 3	Jan 2	Dec 29	Dec 28	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	358.76	359.69	353.40	350.67	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	410.40	411.20	403.38	400.50	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	31.87	31.81	31.30	30.94	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	197.80	198.00	195.01	193.59	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	382.42	381.53	378.00	373.90	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	460.90	459.53	454.82	449.98	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec 28	Dec 15	Dec 8	year ago (approx.)
Dow Industrial Div. Yield	3.87	3.89	3.90	3.70

	Dec 27	Dec 20	Dec 13	year ago (approx.)
S & P Industrial div. yield	2.95	2.90	2.90	3.19
S & P Indl. P/E ratio	14.74	14.51	14.92	12.89

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Varity Corp	2,670,300	2⅛	+ ⅛
Philip Morris	2,413,400	43⅞	+ ⅛
IBM	2,365,800	98⅞	+ ⅞
Fannie Mae	1,960,900	36⅛	+ 1⅛
Navistar Intl	1,816,800	4⅛	.....
Gen Electric	1,655,300	66⅛	− ⅛
Syntex	1,594,300	51½	+ 1
Am T&T	1,531,300	46⅛	− ⅛
Bristol Myers	1,505,300	58⅛	+ 1⅛
Ford Motor	1,465,500	45½	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Jan 3	Jan 2	Dec 29
New York	192.330	162.070	145.940
Amex	14.326	11.394	15.681
NASDAQ	152.664	110.716	164.112
Issues Traded	1,999	1,991	1,975
Rises	878	1,253	1,071
Falls	726	403	465
Unchanged	395	335	439
New Highs	116	113	94
New Lows	7	5	39

CANADA

TORONTO	Jan 3	Jan 2	Dec 29	Dec 28	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3452.90	3427.33	3354.18	3306.60	3919.2 (1/9/89)	3207.5 (3/1/89)
Composite	4009.47	4004.37	3969.79	3932.24	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	2060.90	2054.14	2030.83	2011.92	2069.68(10/10/89)	1677.48 (3/1/89)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10, and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 4	Jan. 3	Jan. 2	Dec. 29	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1706.8	1686.2	1654.7	1649.0	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	856.2	852.3	838.8	834.7	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	551.50	556.54	526.59	(c)	556.54 (3/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6596.35	6560.06	6490.06	(c)	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	(u)	360.33	358.77	363.22	363.22 (29/12/89)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	598.5	596.4	590.5	609.0	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	(u)	(u)	553.0	553.7	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	2006.42	1979.89	-	-	-	-
GERMANY						
FAZ Aktien (31/12/58)	761.97	774.96	746.24†	(c)	774.96 (3/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2251.1	2291.3	2203.6	(c)	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1835.88	1869.66	1814.38	(c)	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2867.95	2858.72	2838.07	2836.57	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1855.96	1845.35	1792.47	1765.87	1855.96 (4/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital (1972)	700.24	(u)	(u)	687.44	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	38712.88	(c)	(c)	38915.87	38915.87(29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2867.70	(c)	(c)	2881.37	2884.80(18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	3949.88	(c)	(c)	3939.15	3949.88(4/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite	586.06	582.68	571.88	562.28	-	-
NETHERLANDS						
CBS Ttl Rtn.Gen.(End 1983)	265.8	269.0	265.7	264.3	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	203.9	206.3	203.9	202.8	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	735.35	724.69	701.67	686.59	735.35 (4/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1119.33	1109.74	1115.45	1104.57	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore	427.74	421.69	417.07	411.67	-	-
SOUTH AFRICA						
JSE Gold (28/9/78)	2019.04	2017.0	2028.0	2049.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2852.04	2807.0	2795.0	2790.0	2852.0 (4/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	928.82	908.59	(c)	(c)	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	302.85	301.43	297.55	296.80	325.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	4364.4	4290.9	4248.7	4275.4	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	783.1	782.5	(c)	(c)	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	9853.15	(c)	(c)	(c)	10773.11 (25/9/89)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	902.07	897.34	899.61	879.19	902.07 (4/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	569.1	569.0	567.3	569.1 (3/1/90)	487.6 (13/6/89)

**Saturday Dec. 30: Taiwan Weighted Price. (c) Korea Comp Ex. (c)
& Subject to official recalculation. † Correction
Base values of all indices are 100 except Brussels SE, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks
Thursday January 4 1990

	Stocks Traded	Closing Prices	Change on day
Sanyo Elctrc	38.6m	1,060	+94
C.Itoh	32.7m	1,290	-10
Toyo Menka	25.5m	1,150	+90
Marubeni	23.5m	1,170	0
Toshiba	11.7m	1,310	+40
Mitsui & Co.	11.3m	1,380	-10
Sharp	10.1m	1,890	+30
Nichimen	9.3m	1,120	+40
Hitachi	8.7m	1,580	+80
Mitsubishi Hvy	7.4m	1,150	0

2pm prices January 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	24	AAR	.48	1.3	22	174	36½	36	36	– ¼
9⅝	8½	ACM n	1.26	13.		181	9½	9¼	9⅜	
11⅝	10⅝	ACMIn	1.26	11.		644	11¼	11	11⅛	+ ⅛
9⅞	8	ACM M	n1.01	11.		472	9	8⅞	9	
11½	10	ACM Sc	1.26	11.		923	11⅛	10⅞	11	+ ⅛
9⅝	8⅛	ACMSp	1.01	11.		338	9⅛	9	9⅛	
19⅝	11½	AL Lab	.15		8 20	114	19⅛	19	19	– ⅛
6⅛	3⅝	AM Intl			9	1120	4⅛	4	4	– ⅛
20½	16⅝	AM In pf	2	12.		2803	17⅜	17¼	17¼	– ⅛
107¼	62¼	AMR			7	5488	59⅝	58¾	59	– ½
6½	3⅛	ARX				3	3⅛	3⅛	3⅛	
59¾	38	ASA	3a	6.4		663	55¾	54⅝	55⅝	+1⅛
31¾	16¼	AVX	.24		8 30	1271	30⅞	30⅜	30⅜	+ ⅜
70⅝	46¼	AbtLab	1.40	2.0	19	2930	69¼	68¾	68⅞	– ⅜
18¾	11⅛	Abitibi g	.50			49	11½	11½	11½	– ⅛
13	9¼	AcmeC	.40	3.6	14	369	11⅛	11⅛	11⅛	+ ⅛
9¾	6	AcmeE	.32	3.5	12	17	9⅛	9⅛	9⅛	
38½	22	Acuan			21	1091	32⅞	31⅝	31¾	–1
18⅜	12⅞	AdaEx	2.06e	13.		183	u16½	16¼	16⅜	+ ⅛
15⅜	8½	Adobe				179	13¾	13⅛	13½	– ⅛
20¾	16½	Adob pf	1.84	9.4		16	19¾	19⅝	19⅝	– ⅜
21⅝	19⅞	Adob pf	2.40	11.		6	21⅜	21⅛	21⅛	
10½	7¼	AMD				4030	8⅛	7⅞	7⅞	– ⅛
35	28½	AMD pf	3	9.8		36	30½	30¼	30½	
10⅛	6⅝	Advest	.16	2.1	11	240	7⅝	7½	7½	+ ⅛
62½	46⅝	AetnLf	2.76	4.8	9	1357	57⅞	57½	57⅛	
14	11	AflPb	.24	2.1		887	11⅜	11⅛	11⅛	
25	15¾	Ahmans	.88	4.8	9	2555	18¾	18⅛	18⅜	– ⅛
3⅞	2¼	Aileen				7	2½	2⅛	2½	
49⅝	40	AirPrd	1.32	2.7	12	1702	49½	49¼	49⅜	– ⅛
39⅝	20⅞	AirbFrt	.60	1.6	19	120	36⅝	36⅛	36⅛	– ⅜
25½	14⅜	Airgas			11	1643	19⅝	19	19⅛	– ⅜
20¾	18¼	Airlease	2.40	12.	10	25	19⅜	19⅜	19⅜	– ⅛
10¾	8½	AlaP	dpf.87	8.1		31	10	9⅞	9⅞	
93	80¾	AlaP pf	8.16	8.8		z7000	91	91	91	+ ¼
91	80⅞	AlaP pf	8.28	9.3		z100	89	89	89	+ ¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	10	BordC	pr3.02e	25.	4	1409	12⅛	[illegible]	[illegible]	[illegible]
24	9⅞	BordCh	3.02e	26.	4	312	11⅝	[illegible]	[illegible]	[illegible]
38⅝	27⅝	Borden	s.96	2.8		1410	34⅝	[illegible]	[illegible]	[illegible]
19½	13½	BCelts	1.40e	7.7	10	34	18⅝	[illegible]	[illegible]	[illegible]
22⅛	16⅜	BostEd	1.52	7.9	10	u818	19⅝	[illegible]	[illegible]	[illegible]
93	82½	BosE	pf8.88	9.9		y250	89½	[illegible]	[illegible]	[illegible]
34⅛	25⅛	Bowatr	1.20	4.3	7	1065	28⅛	[illegible]	[illegible]	[illegible]
14⅛	7⅛	Brazil	.80e	5.8		295	13½	[illegible]	[illegible]	[illegible]
31⅛	24⅛	BrigSt	1.60	5.8		1254	27⅞	[illegible]	[illegible]	[illegible]
58¼	44	BrMySq	2.12	3.7		6951	55⅞	[illegible]	[illegible]	[illegible]
38½	27⅞	BritAir	1.46e	3.8	7	2285	u38⅛	[illegible]	[illegible]	[illegible]
38⅛	27⅝	BritGas	1.67e	4.3	11	123	38⅛	[illegible]	[illegible]	[illegible]
88	53⅝	BritPt	4.24e	8.4	11	1867	u85⅛	[illegible]	[illegible]	[illegible]
9⅝	5½	BritP	wt			172	7	[illegible]	[illegible]	[illegible]
23⅞	18⅞	BritSt	1.36e	5.7	5	1758	u24⅛	[illegible]	[illegible]	[illegible]
52	39⅛	BritTel	1.90e	3.8	12	809	51¼	[illegible]	[illegible]	[illegible]
12⅜	6⅞	Broadin	.20	1.7	14	146	11⅜	[illegible]	[illegible]	[illegible]
32⅞	22⅛	BHP	1.08r	3.6	13	7	30⅛	[illegible]	[illegible]	[illegible]
32⅛	23	BklyUG	1.84	5.8	13	58	32	[illegible]	[illegible]	[illegible]
18½	11⅛	BwnSh	.32	2.3	13	22	13⅝	[illegible]	[illegible]	[illegible]
36½	30⅜	BrwnGp	1.60	5.0	66	253	29½	[illegible]	[illegible]	[illegible]
42⅞	28⅞	BrwnFr	.64	1.7	22	3212	38⅛	[illegible]	[illegible]	[illegible]
21½	13	Brnwk	.44	3.1		1388	14⅛	[illegible]	[illegible]	[illegible]
30⅛	20⅛	BrshWl	.68	3.2	11	671	21⅜	[illegible]	[illegible]	[illegible]
28⅛	21⅛	Buckeye	2.60	9.5	9	107	27⅛	[illegible]	[illegible]	[illegible]
17⅞	15½	BunkrH	1.78a	10.		16	17⅛	[illegible]	[illegible]	[illegible]
15⅝	12	BKInv	1.72a	14.	10	36	12⅝	[illegible]	[illegible]	[illegible]
24⅞	17	BurlnCt			11	38	21⅛	[illegible]	[illegible]	[illegible]
39½	21⅛	BurlNth	1.20	3.7	10	2922	32⅞	[illegible]	[illegible]	[illegible]
9⅜	7⅝	BrlNo pf	.55	6.0		5	9⅛	[illegible]	[illegible]	[illegible]
53⅞	32⅛	BrlRsc	.61e	1.3	73	984	48⅞	[illegible]	[illegible]	[illegible]
15¾	7¾	Buslnld			8	1226	8⅛	[illegible]	[illegible]	[illegible]
		– C – C – C –								
33⅞	25¼	CBI In	.60	1.8	34	101	33⅞	[illegible]	[illegible]	[illegible]
221	160	CBS	4.40	2.4	17	689	185⅝	[illegible]	[illegible]	[illegible]
11⅛	9⅛	CCX pf	1.25	11.		z100	11	[illegible]	[illegible]	[illegible]
18½	10⅞	CDI s			16	137	15⅛	[illegible]	[illegible]	[illegible]
68⅛	45⅞	CIGNA	2.96	5.0	8	752	60	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

NYSE COMPOSITE PRICES

Continued from previous Page

AMEX COMPOSITE PRICES

2pm prices January 4

NASDAQ NATIONAL MARKET

2pm prices January 4

AMERICA

Dow loses ground as profit-takers move in

Wall Street

THE EUPHORIA finally wore thin yesterday morning on Wall Street, with equities giving back some of their new year's gains amid heavy trading and profit-taking, *writes Karen Zagor in New York.*

At 2pm, the Dow Jones Industrial Average had slipped below the 2,800 level to 2,781.36, down 28.37 points. Volume on the New York Stock Exchange was heavy, with more than 120m shares changing hands by 1.30 pm. Declining issues outpaced those advancing by a ratio of nine to five on the Big Board.

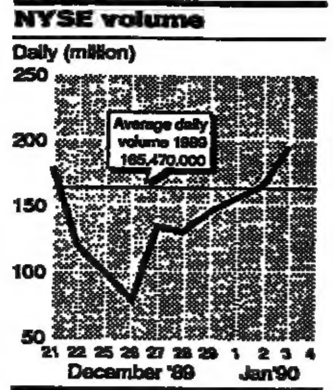
The Dow's stock averages fell across the board yesterday. Utilities fell 3.27 points to 230.88, transportation stocks dropped 8.89 points to 1,182.61 and the Dow composite was down 8.32 points at 1,041.37.

The decline in the Dow was mirrored in other, broader-based market indices. At 1pm the Standard & Poor's 500 was 3.50 points at 355.26, the New York Stock Exchange composite lost 1.67 points to 196.13 and the American Exchange composite fell 0.47 points to 381.95.

Bonds were more positive than equities yesterday morning. In mid-session trading the Treasury's bellwether 30-year bond was up ⅛ point, yielding 8.01 per cent. Both the debt and stock markets are now waiting for December's employment figures, which are due this morning.

The stock market pull-back was led by oil issues after heating oil futures plunged in morning New York trading,pulling down crude oil gasoline contracts. Exxon dropped $⅞ to $48⅝, Chevron fell $1⅛ to $66¾, Mobil lost $1⅜ at $60½ and Texaco fell $⅛ to $57⅝. Among oilfield service stocks, Schlumberger fell $1⅞ to $47½, Halliburton lost $1¼ to $41⅛, Baker Hughes fell $1¼ to $24¼ and Parker Drilling slid $⅜ to $9¼.

NYSE volume



Technology issues managed to hold their ground in morning trading in spite of the lower market. IBM rose $⅝ to $99⅝, and Digital Equipment gained $⅛ to $86⅝. Apple rose $¼ to $37⅞ in over-the-counter trading.

Although a number of stores posted stronger-than-expected Christmas sales yesterday, department store stocks moved lower. Sears was down $⅝ at $38⅞, Dayton Hudson fell $¼ to $65¼, and Woolworth lost $⅜ to $63⅞. May Department Stores rose $⅝ to $48⅝ and J.C. Penney added $⅛ to $74⅝. The Gap, one of the most successful specialty retail groups, added $⅛ to $53¼.

Among blue chip issues, Philip Morris dropped $1⅛ to $41⅞, American Telephone and Telegraph slid $1¼ to $45, Johnson & Johnson lost $⅝ at $59¾ and Dupont fell $1⅛ to $134⅛.Adac Laboratories lost $2 to $4⅛ in heavy trading after it lowered forecasts for December quarter revenue.

Canada

GOLD shares rebounded after Wednesday's decline in an otherwise flat market. The composite index fell 6.8 points to 4,002.6 by midsession in volume of 13.6m shares. Advances led declines 231 to 220.

Campeau lost 15 cents to C$3.50 after two private Robert Campeau companies defaulted on bank loans.

Gold shares rose 71.54 to 7,7178.50 after London bullion prices made some gains.

US defence sector shivers in cold war thaw

Karen Zagor looks at the reaction of shares to the Pentagon's planned spending cuts

THE THAW in the cold war, greeted with jubilation in most of Europe, sent a shiver of fear through the US defence and aerospace industry; the initial frisson did not become a collapse, but there has been relative weakness in share prices over the past six weeks or so.

The Standard & Poor's aerospace index plunged 15.06, or more than 4 per cent, to 348.60 on November 20, the first day of trading after Mr Richard Cheney, US Defence Secretary, said that Pentagon spending from 1992 to 1994 might be cut by as much as 5 per cent after inflation. Only Boeing defied the trend, rising $1½ on the day.

Since then, the absolute level of share prices in the sector has largely recovered; the sub-index was 369.62 in mid-week, above its mid-November levels but below a weekly peak of 391.77 early in October.

However, the recent flat trajectory compares with a near 7 per cent rise in the Dow Jones Industrial Average between November 20 and January 3.

Boeing is still looking strong, thanks largely to the demand by commercial airlines for aircraft to replace ageing fleets. In the event of government spending cuts, it is better positioned than many in the sector, since government business accounts for only about 28 per cent of total sales.

The company's firm backlog orders are expected to top last year's outstanding level of $55bn. Not everyone is bullish on Boeing, however, and there are questions about how high the profit margins will be on these orders. Meanwhile, its shares are trading at $62, near historic highs, and the p/e ratio of more than 17 is above the average of around 13 for the aerospace manufacturing sector.

The company's earnings per share leapt by 66.7 per cent in the latest quarter compared with a decline of 36 per cent in the sector as a whole.

McDonnell Douglas, on the other hand, relies on the Government for about 65 per cent of its sales. It has been trading at $63½, only slightly above its 1989 low of $62¾. The company took a series of charges in the recent quarter, which contributed to a 54 per cent plunge in earnings per share.

Northrop, the company which makes the B-2 bomber, is even more heavily dependent on Pentagon spending than McDonnell Douglas, since the Government accounts for about 92 per cent of its sales. With costs for each B-2 pegged at about $530m, there were fears that the programme might be one of the first to go when the Pentagon cuts costs.

Mr Cheney has said that he will stick with plans to build five B-2 bombers in fiscal 1991, but has left open the question of further funding for the programme. Initially the Government had proposed a 132-plane fleet but this will almost certainly be scaled back.

Northrop's stock, at around $18¼, is lagging well behind 1988 levels, when it traded in a range of $25⅛ to $35⅞.

As the 1990s begin, the investment community is wary about putting more money into what is perceived as a declining industry. "Investors are not very attracted to a sector where there is no unit growth, where there don't appear to be substantial new products to lift sales and where some companies will still be required to take on debt," says Mr Howard Rubel, an aerospace analyst at CJ Lawrence, Morgan Grenfell in New York.

Reduced Pentagon spending is nothing new to the defence industry. The defence budget of 1985 was $335.7bn, and fell last year to $299.3bn.

Other uncertainties about defence stocks stem from the fact that the administration is far from clear about where the cuts will come. "Every congressman and senator has his favourite programme to protect and his favourite one to kill," said Mr Rubel.

Some analysts believe that the bulk of the cuts will be from personnel, reduced buying of tactical aircraft and the retirement of older equipment such as ships, which would be less damaging to defence companies than drastic cuts in programmes.

However, Mr Gary Rich, a defence and aerospace analyst for Shearson, Lehman and Hutton, is very bearish about the long-term prospects for the industry. Share prices are rising now because people are looking for bargains, he says, but the industry is in for some very rough years.

This will be worse than the Vietnam War, according to Mr Rich, "because now we don't have the enemy we thought we had after Vietnam, namely the USSR."

SOUTH AFRICA

IN MIXED trading, the JSE all-gold index closed 2 up at 2,019. Blue chip industrials attracted interest, the industrial index adding 45 to 2,852.

ASIA PACIFIC

Talk of scandal sends Nikkei lower

Tokyo

THE SPECTRE of scandal floated into the Tokyo market on its first day of new year trading, generating a cautious mood and index-linked selling which took the Nikkei index substantially lower, *writes Michiyo Nakamoto in Tokyo.*

Trading began in an atmosphere of good cheer highlighted by women dressed in colourful kimonos and the propitious hand-clapping that is said to bring good luck in the new year. But the gaiety and celebratory buying failed to withstand worries brought on by a weak yen, interest rate implications and speculation about political instability.

The Nikkei closed the half-day session 202.99 lower at 38,712.88, after a day's high of 38,950.77 and a low of 38,705.14. Declines outnumbered advances by 558 to 339 while 212 issues were unchanged.

Turnover at 472.09m shares was slightly lower than the 472.75m traded on the half-day final session last Friday. The Topix index of all listed shares lost 13.67 to 2,867.70; but, in London, the ISE/Nikkei index rose 3.57 to 2,158.85.

Yesterday was only the second time in the past 10 that the Tokyo market closed lower on the first day of trading for the year. The market had closed last Friday with many investors looking forward to higher prices; but while Japan was on holiday, a stock trading scandal had triggered a plunge in the yen overseas.

The January 1 issue of a leading Japanese daily reported that an accountant employed by a political organisation of the former prime minister, Mr Yasuhiro Nakasone, had made nearly Y120m ($822,000) by buying shares in a company from a securities firm, and selling those shares back to the securities house a month later at a higher price.

The share price of the company in question had been rising at the time as it was being bought up by that same securities house. Although the accountant, and Mr Nakasone, both denied that the former Prime Minister had anything to do with the deal, the news sparked fears of a scandal which could hurt the ruling Liberal Democratic Party before national elections in February, and lead to further political instability.

Last year, the involvement of high-ranking politicians in the Recruit share-sale scandal contributed to widespread disenchantment with the ruling party and its loss of a majority in the Upper House of the Diet.

The more generalised interest rate worries hit banks yesterday, with Mitsubishi Bank falling Y160 to Y3,190. Utilities suffered on that score, on the strong dollar and on higher oil prices. Tokyo Electric Power dropped Y150 to Y6,040.

Some trading houses saw profit-taking as C.Itoh, second in volume with 32.7m shares, lost Y10 to Y1,290; but others fared better on expectations that increasing trade with communist countries would boost their profits. Toyo Menka was actively pursued on a news report that it will set up a joint venture cement plant in Poland. It was the third most actively traded with 26.5m shares and gained Y90 to a record high of Y1,150.

Interest in special situations helped support the Osaka market, where the OSE average closed with a slim gain of 7.37 at 39,403.83. Volume was 47m shares for the half-day, down from the 56m traded in a half-session last Friday. Osaka Building rose Y150 to Y2,300 on expectations that its revenues from office building leasing would rise further.

Roundup

IN CONTRAST with Japan, most regional markets continued to rise yesterday, with Australia and Singapore leading the way.

AUSTRALIA was supported by foreign interest, which helped to push the All Ordinaries index to its highest close since the mid-October collapse in share prices around the world. The record reached in London on Wednesday, and the weaker Australian dollar, encouraged buying.

The index gained 20.6 to 1,706.8, giving a two-day rise of 3 per cent, in healthy turnover of 102m shares worth A$277m, up from 81m worth A$177m. The gold sub-index alone finished lower, following the steep drop in bullion prices.

Among the biggest gains were banks, while News Corp put on 45 cents to A$14.85 and BHP added 12 cents to A$9.78.

SINGAPORE hit its second consecutive all-time high, in spite of profit-taking. The Straits Times industrial index rose 12.18 to 1,534.17 and turnover was high at 183m shares worth S$313m, compared with Wednesday's 196m and S$274m.

HONG KONG remained thin, amid nervousness about the possibility of unrest in China. But the Hang Seng index got a boost from overseas markets, ending 9.23 higher at 2,867.95. Turnover was HK$546m, up slightly from HK$458m.

TAIWAN began the new year enthusiastically, sending the weighted index up 228.97, or 2.4 per cent, to 9,853.15. But banks met profit-taking after their sharp gains last week.

SEOUL was driven higher by talk of overtures from North Korea and expectations of a decline in interest rates. The composite index added 20.23 to 928.82 in moderate turnover.

EUROPE

Bourse spotlight on Paris as Frankfurt cools down

THE focus of international activity changed yesterday, as Paris drew the buyers and Frankfurt met profit-taking, *writes Our Markets Staff.*

PARIS rose to a record high in late trading, helped bythe Bank of France and the Bundesbank leaving key interest rates unchanged. As worries over short-term rates receded, the CAC 40 index recovered from an early loss to close 26.53 higher at 2,006.42. It appeared that some foreign investors, among them the Japanese, were switching attention from Germany to France.

There were two dramatic moves late in the day. The banking group, Paribas, put on a late spurt to close FFr17 higher at FFr708 on a block trade, before a board meeting to discuss its bid for Navigation Mixte.

On the downside, Eurotunnel plunged FFr7.60, or nearly 12 per cent, to FFr56.50 after surging to FFr69.50; there was no immediate explanation, but the volatile shares have strongly outperformed the market in recent days.

Hefty turnover in such stocks as Cérus, the De Benedetti holding company in France, Elf Aquitaine and Eurotunnel helped to swell volume to an estimated FFr3.5bn, from FFr2.5bn on Wednesday.

Cérus saw 520,000 shares, or about 2 per cent of its capital, change hands in a deal with French institutions which was linked to the company's recent merger with Duménil Leblé. It eased 90 centimes to FFr452.10.

Elf Aquitaine climbed FFr26 to FFr539, boosted by the oil price and by the split-up of Orkem, under which Elf takes over its petrochemicals and fertiliser interests. Elf Gabon was another beneficiary of the strong oil price, gaining FFr66 to FFr1,125 as 11,000 shares traded, or 11 times the normal daily level. It has a large onshore oil field in Gabon, and there is also speculation that it will restore dividend payments.

FRANKFURT traders came in to the news that Tokyo trading in West German international blue chips overnight had not lifted them to the premiums they enjoyed before the New Year holiday. Foreign institutions and domestic private investors took some of their profits, and the FAZ and DAX indices dropped 12.99 to 761.97, and 33.78 to 1,835.88 respectively. Turnover was still very high at DM10.9bn, but down from a record DM13.1bn.

Blue chips led the decline, although internationals like Siemens and Deutsche Bank – down DM8.50 to DM742.50, and DM22 to DM839 – actually fared better than slightly lesser lights such as BMW, DM17 lower at DM579, and Dresdner, off DM17 at DM440.

There was talk of West German institutional investors, and some foreign investors reappearing after hours. This was balanced by consideration of the wage demands by the IG Metall union, due to begin some regional negotiations on Monday, and the possible response by the Bundesbank if inflationary wage settlements are concluded this year.

AMSTERDAM turned down as the dollar was driven lower by central bank intervention and investors decided to take profits in line with the West German market. The CBS tendency index eased 0.7 to 118.8, with internationals bearing the brunt of the selling.

Royal Dutch, which had risen Fl 4.20 on the previous two days, came off Fl 3.10 to Fl 147.40, in spite of the strength of oil prices. Hoogovens, the steel stock, fell Fl 3.20 to Fl 86.70 before its new year statement, which revealed that earnings last year rose 30 per cent and predicted a weaker first half this year.

Daf, the truck maker, was off Fl 1.70 at Fl 41.20. In its new year statement after the close, the company said its provisional net profits last year were up 16 per cent.

MILAN rose again in active trading, this time by a little over a percentage point, and the Comit index returned, after an absence of two days, at 700.24 for a rise of 1.9 per cent over the past three trading days.

Favoured stocks included Banca Commerciale, up L95 to L5,065 on industry restructuring speculation; the Amato banking law now in front of the Italian parliament has an increased level of privatisation as its main thrust, but this should involve opportunities for existing quoted banks.

OSLO moved to its second consecutive high buoyed by rising oil prices, new liquidity in the market and renewed confidence in the Norwegian economy. The all-share index closed up 8.12 at a record 564.88 in trading worth NKr755m.

Elkem, the metals producer, added a further NKr20.5 to close at NKr238.0. Although the company said it could not explain the rise, analysts pointed to renewed speculation over the intentions of Orkla Borregaard, which holds a 30 per cent stake in the group.

STOCKHOLM was led upwards by Asea and Ericsson which dominated a busy day's trading worth SKr437m. Ericsson free B shares climbed SKr20 to SKr919, while Asea free B shares closed SKr25 up at SKr760. Both companies have received positive press and analysts' comments recently.

BRUSSELS firmed on selective buying of blue chip stocks and the general mood of optimism in other stock markets. The cash market index closed 36.02 ahead at 6,532.30.

HELSINKI moved slightly higher in nervous trading, as investors awaited the conclusion of talks between unions and employers on a wages deal. The Unitas all-share index ended 2.1 ahead at 598.5.

● The French Indicateur de Tendance has been discontinued and is replaced in the Indices panel by the CAC 40 index.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 3 1990						TUESDAY JANUARY 2 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	153.71	+1.5	141.55	130.46	+2.1	5.23	151.42	139.26	127.80	160.41	128.28	145.59
Austria (19)	205.96	+6.6	189.66	183.63	+7.2	1.33	193.15	177.65	171.23	205.96	92.84	96.70
Belgium (63)	155.27	+0.3	142.98	138.23	+1.6	4.02	154.78	142.36	136.06	155.27	125.58	133.06
Canada (120)	153.61	+0.1	141.46	129.20	+0.2	3.10	153.46	141.14	128.96	154.17	124.67	125.76
Denmark (36)	236.69	−0.3	217.96	215.13	+0.4	1.46	237.50	218.43	214.24	242.22	165.35	159.61
Finland (26)	130.39	−0.7	120.07	111.70	−0.4	2.52	131.29	120.75	112.16	159.16	118.69	128.55
France (126)	152.64	−0.9	140.56	140.73	−0.1	2.65	154.04	141.67	140.87	156.44	112.57	115.54
West Germany (96)	126.85	+3.0	116.81	113.46	+3.7	1.86	123.16	113.28	109.40	126.85	79.56	89.69
Hong Kong (48)	118.17	+0.8	108.82	118.54	+0.8	4.81	117.28	107.87	117.61	140.33	86.41	113.86
Ireland (17)	188.35	+3.2	173.44	173.06	+3.8	2.51	182.58	167.92	166.67	188.35	125.00	129.72
Italy (97)	97.44	+0.1	89.73	93.88	+0.8	2.44	97.32	89.50	93.10	98.75	74.97	86.02
Japan (455)	194.89	+0.4	179.47	179.43	+0.0	0.45	194.16	178.57	179.43	200.11	164.22	192.77
Malaysia (36)	234.94	+1.2	216.35	244.98	+1.4	2.18	232.05	213.42	241.61	234.94	143.35	143.35
Mexico (13)	324.53	−1.0	298.85	954.48	−0.3	0.54	327.90	301.58	957.23	327.90	153.32	158.51
Netherland (43)	144.19	+0.5	132.78	127.83	+1.3	4.17	143.40	131.89	126.26	144.19	110.63	112.79
New Zealand (18)	75.36	+4.5	69.39	67.32	+4.5	5.23	72.09	66.30	64.44	88.18	62.64	68.53
Norway (24)	208.79	+3.2	192.27	188.38	+3.4	1.45	202.34	186.10	182.22	208.79	139.92	145.02
Singapore (26)	182.27	+1.4	167.85	160.22	+1.9	1.82	179.70	165.27	157.26	182.27	124.57	124.57
South Africa (60)	199.36	+1.7	183.59	152.63	+0.5	3.71	195.99	180.25	151.92	199.36	115.35	117.78
Spain (43)	163.33	+0.4	150.41	137.28	+1.0	3.84	162.69	149.63	135.95	169.75	143.14	147.30
Sweden (35)	191.37	+0.8	176.22	177.27	+1.3	1.93	189.79	174.56	175.04	192.05	138.45	141.51
Switzerland (62)	94.58	+2.4	87.09	92.53	+2.9	1.93	92.33	84.92	89.95	94.58	67.81	78.79
United Kingdom (307)	161.32	+1.2	148.56	148.56	+1.3	4.23	159.44	146.64	146.64	161.32	133.28	135.19
USA (542)	145.08	−0.2	133.60	145.08	−0.2	3.23	145.40	133.73	145.40	148.29	112.13	113.74
Europe (994)	143.62	+1.1	132.25	130.82	+1.6	3.24	142.01	130.61	128.75	143.62	112.63	116.00
Nordic (121)	185.99	+0.5	171.27	163.65	+1.1	1.73	185.01	170.16	161.94	187.37	137.95	140.30
Pacific Basin (667)	190.45	+0.4	175.38	175.19	+0.1	0.69	189.62	174.40	175.01	194.72	160.44	187.60
Euro – Pacific (1661)	171.89	+0.7	158.29	157.48	+0.6	1.56	170.74	157.03	156.53	173.24	141.56	158.54
North America (662)	145.49	−0.2	133.98	144.07	−0.2	3.22	145.78	134.08	144.35	146.86	112.79	114.38
Europe Ex. UK (687)	131.54	+1.1	121.13	119.98	+1.8	2.56	130.11	119.67	117.85	131.54	98.30	102.12
Pacific Ex. Japan (212)	137.19	+1.5	126.33	122.54	+1.8	4.71	135.23	124.37	120.37	140.05	111.59	125.85
World Ex. US (1854)	171.61	+0.7	158.03	156.72	+0.8	1.63	170.48	156.79	155.73	172.78	141.43	156.99
World Ex. UK (2089)	161.04	+0.3	148.30	153.17	+0.2	1.93	160.55	147.66	152.80	161.04	136.98	140.91
World Ex. So. Af. (2336)	160.81	+0.4	148.08	152.71	+0.3	2.12	160.21	147.35	152.20	160.81	136.67	140.53
World Ex. Japan (1941)	145.19	+0.4	133.70	139.00	+0.6	3.29	144.63	133.02	138.21	145.19	114.51	115.16
The World Index (2396)	161.04	+0.4	148.30	152.70	+0.3	2.13	160.43	147.55	152.19	161.04	136.68	140.39

Latest prices were unavailable for this edition. Japanese market closed January 3.

Constituent changes 4/1/89: Deletions: Comp. Industrielle (France) and Siossigeno (Italy).